

Our Authors

• • RAYMOND CLAPPER, who contributes a vivid picture of the "Top Sergeants of the New Deal," to this issue, has been manager of the Washington Bureau of the United Press since 1929. He comes from Kansas where he attended the university and broke into the newspaper field as reporter on the *Kansas City Star*. Mr. Clapper has been with the United Press since 1916. For that organization he covered the last four presidential campaigns, the Washington Naval Conference of 1930, and the subject of Nepotism in Congress in a series of articles which attracted wide attention.

• • SIR HARRY GLOSTER ARMSTRONG—army man, actor, diplomat—presents the British side of the war debt case in "How I Would Pay the Debt". Sir Harry's years in the United States as Consul General at New York have given him a sympathetic understanding of the American viewpoint. At the same time he believes that the debts must be settled by a reasonable attitude on both sides of the Atlantic. Trained in the army, Sir Harry was one time a member of the Royal Irish Fusiliers. Later he joined a Shakespearean Company and the Haymarket Theater Company in London. He was knighted K.B.E., Knight Commander Order of the British Empire, in 1923.

• • ROBERTS EVERETT, as Executive Vice-president of the Dairy and Ice Cream Machinery Supplies Association, has been actively interested in the steps taken at Washington to put NIRA into practice. Born at Merrill, Michigan, Mr. Everett was educated at Oberlin College and the Columbia University School of Journalism. For several years he served as a member of the staff of the *New York Tribune*, and of the *New York World*. At the time of his enlistment in the air service in 1917, he was editor of *Air Travel*.

• • A. PAUL MAERKER-BRANDEN, author of "Germany, Hitler and Austria", is a journalist who has kept in touch with the situation in Germany by frequent trips to the homeland. Mr. Maerker-Branden was educated at the University of Berlin where he was known for his radical views. Since that time, however, his ideas have swung to the right.

• • NATHAN M. OHRBACH speaks from personal experience when he advises: "Shoemaker, stick to your last!" Mr. Ohrbach left school at the age of fourteen and became errand boy for a wholesale house selling ready-to-wear coats and suits. There followed a succession of connections with leading retail firms of the day, and at twenty-eight he opened his own shop. Mr. Ohrbach's next step was a leased department in a store on Fourteenth Street. Business expanded until it took up the entire building. At that time he was convinced that if he could concentrate on one kind of business—cash and carry, no unnecessary services, simplified procedure—he could build a large organization. It was on this theory that he established his present store.

Volume LXXXVIII

Number Two

REVIEW OF REVIEWS

AND

WORLD'S WORK

Edited by ALBERT SHAW

The Progress of the World

London! Progressive and Attractive, 7 . . . The Visitor Finds Much to Admire, 8 . . . Socialists and Conservatives in Harmony, 9 . . . Home Policies Interfere with Stabilization, 10 . . . Our Dollar Abroad Grows Weak, 11 . . . Where the Conference Made Headway, 12 . . . Progress, if Not Final Solution, 13.

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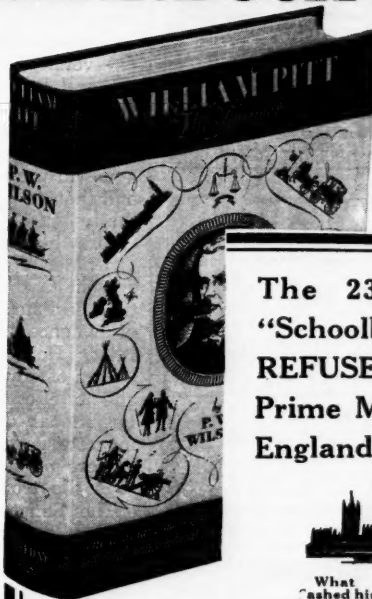
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THE WORLD OF BOOKS

Current Reading

A Senator Writes

Counter-Attack, by Millard E. Tydings. Bobbs-Merrill, 141 pp. \$1.25.

A YOUNG MAN fresh from his state university, with degrees in engineering and law, went to war in 1917 and emerged with the rank of lieutenant-colonel. He came home to enter the state legislature, become its Speaker, and win promotion first to Congressman and then to United States Senator. Now the engineer-lawyer-soldier-statesman enters the turbulent field of economics.

Senator Tydings' early background is evident in the book which he has written, particularly his lawyer-like array of evidence and his use of military analogies. He states well the now-familiar causes of our disappearing foreign trade, and its effect on the collectibility of international debts. One wishes that a modest percentage of Americans—writers as well as readers—could have seen the trouble coming a decade ago.

The Senator is at his best, for the present reviewer, when he discusses the consequences of our recent tariff policy and when he discloses the silver-dumping policy of Europe. It is not so easy to accept his faith in the curative power of silver if the present huge world surplus is taken off the market, presumably by Uncle Sam.

Hollywood Molds America

Our Movie-Made Children, by Henry James Forman. Macmillan, 288 pp. \$2.50.

WHAT IS THE EFFECT of the movies on children? Four years of research has dragged one more violently debated subject out of the realm of conjecture into the measured world of fact. Our motion picture theaters have an estimated weekly attendance of 77,000,000 of which 37 per cent are minors. About one-sixth, or 11,242,000, are under fourteen years of age. What do they see and how much do they remember of it? How does it affect their health, sleep, habits? Science is now ready with answers, supported by statistics. Have college enrolments increased because of four-year frolics of petting and pajama parties pictured by the movies? Are potential criminals schooled by gangster films? Most parents have decided opinions with regard to the effect of movies on their children. Just how near right they are—as well as many aspects of the matter that may not have occurred to them—may be learned from Mr. Forman's entertaining summary of the four years of scientific study. Here is a book that by sane analysis rather than plea or opinion makes the strongest type of argument for better pictures.

Under NIRA

Business Under the Recovery Act, by Lawrence Valenstein and E. B. Weiss. Whittlesey House, 317 pp. \$2.50.

READERS OF THIS MAGAZINE will remember articles in the June and July issues by Lawrence Valenstein which showed an early grasp of the profound significance—especially to the manufacturer and retailer—of our experiment in government direction and control of industry. Mr. Valenstein is president of the Grey Advertising Service, and Mr. Weiss is his research associate.

This book frankly fails to concern itself with the laborer's benefit under the Recovery Act; nor does it go into broad economic aspects related to production control and price levels. Its sole aim is to paint for the manufacturing executive a picture of merchandising, selling, and advertising under the new order.

The authors devote special attention to a discussion of problems that have long faced manufacturers of women's apparel, and which sooner or later may be proved to be unfair practices and therefore banned under the new era.

Our Abundant Forests

Forestry: An Economic Challenge, by Arthur Newton Pack. Macmillan, 161 pp. \$1.25.

SURELY WE LIVE in a changing world. For a generation, and more, Americans were warned that lumber was being used in such quantities that there would be no forests left for succeeding generations. Now it seems that the famine scare is over, due not to the planting of more trees but rather to the growing popularity of substitute materials. Steel furniture is an example. Per capita consumption of lumber is about half what it used to be.

Mr. Pack demonstrates that the forestry problem has changed from a patriotic one to an economic one—the prevention of soil erosion, the control of floods, the proper utilization of surplus agricultural land, the use of wood chemically treated for rayon and cellophane manufacture and for insulating material, etc. It is not a long story, the way Mr. Pack writes it, and especially not a heavy one; but he manages to cover an extraordinary amount of ground.

Briefer Comment

• • • YACHTSMAN OR LANDLUBBER, there's a thrill for you in "Yachts Under Sail". Alfred F. Loomis has collected ninety-three photographs so superb that even without their restrained captions the

book would be eloquent of canvas and water and wind. (Morrow, \$3.)

• • IN "THE NATIONAL Industrial Recovery Act: An Analysis", Benjamin S. Kirsh states the necessity for the Act, explains the law in its larger aspects and in its details, shows the changed status of trade associations under old laws and new, and devotes a special chapter to labor provisions. (Central Book Co., \$2.50.)

• • VOLUME X of the "Encyclopaedia of Social Science" comes from the Macmillan presses with illuminating articles on subjects ranging from *Machinery to Moratorium*. Editors Edwin R. A. Seligman and Alvin Johnson, ably assisted by expert contributors, are to be congratulated on this project's progress. (\$7.50.)

• • "ANGELS AND AMAZONS", by Inez Haynes Irwin (Doubleday, Doran, \$2.50) is the story of American women during the last century. It is a story of woman's emancipation from tradition and of her entrance into business, the professions, the arts and sciences. It is, then, a story of her growing part in our national life.

• • WILLIAM A. PRENDERGAST was for ten years Chairman of the Public Service Commission of New York State. Now he writes "Public Utilities and the People" (Appleton-Century, \$3), a discussion of the "power trust", holding companies, utility valuation, rates, and the moot question of public ownership.

• • THE WHOLE RANGE of problems embraced in the perplexing question of social insurance is considered by Abraham Epstein in "Insecurity, A Challenge to America". He shows the inadequacy of our present attempts to provide security for the masses and points to a remedial program of social insurance. (Smith & Haas, \$4.)

• • NEWSPAPER HEADLINES and clippings tell the story in "The World's Greatest 99 Days" (Harpers, 99 cents). Scissored and pasted by Ben Duffy and Harford Powel, judicious clipping of the nation's press results in a lively record of events—national and international—starting with the Michigan bank holiday on February 14 and ending on a happier note three months later.

• • CHARLES A. BEARD has acted as Editor of "A Century of Progress" (Harpers, \$3). Such varied fields of human endeavor as industry, agriculture, and government—to name but three of the fourteen phases treated—are discussed by authorities well able to analyze the extraordinary progress made in the last century.

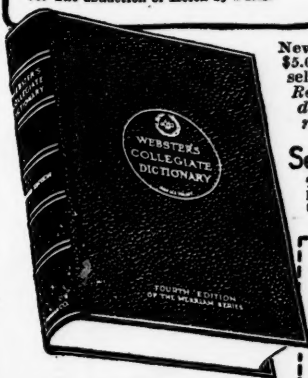
• • MOST PUBLICIZED activity of the League of Nations is its effort to promote political peace between nations. "World Prosperity As Sought Through the Economic Work of the League of Nations", by Wallace McClure, tells of a less known but equally laudable and gargantuan task. (Macmillan, \$4.)

The Questions

1. What planet is usually called the evening star?
2. Where is Mammoth Cave?
3. Why is December so named?
4. How does the rattlesnake sound its rattle?
5. Who was Kublai Khan?
6. What are aborigines?
7. Where was Napoleon born?
8. What is an amphibian in aeronautics?
9. Alaska was sold to the U. S. by what country?
10. What caused the Trojan War?

The Answers

1. Venus.
2. Kentucky.
3. From Latin "decem" meaning "ten," this being the tenth month among the early Romans.
4. By shaking the horny interlocking joints at the end of its tail.
5. Founder of the Mongol dynasty of China.
6. Earliest known inhabitants of a country.
7. Corsica.
8. Airplane designed to rise from and alight on either land or water.
9. Russia.
10. The abduction of Helen by Paris.



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REVIEW OF REVIEWS

AND

WORLD'S WORK

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AUGUST, 1933

◦ THE PROGRESS OF THE WORLD ◦

In London During the Conference

By ALBERT SHAW

London! Progressive and Attractive

MY EDITORIAL NOTES and comments are sent this month from London, and I will venture to make them more personal and informal than usual. I am writing after several weeks in the metropolis that is the center of the British world. It is the most homelike and agreeable of all great cities, and so full of interest for intelligent visitors that its attractions could never become stale or exhausted. New events and achievements are constantly affording fresh objects to claim one's attention. London preserves its historic monuments, and it delights in traditional spectacles and formalities. But it is thoroughly modern as regards most of the present-day conditions of life. In the regular management of its public affairs I should call it far more progressive than New York or Chicago, by sound standards of comparison.

With its lovely parks and open spaces, and its easy access to broad and pleasant zones of suburban homes and gardens, London might well assert the claim that it has more to offer as a summer resort than any other place in the world. What is known as "Greater London" is now officially associated with the "home counties". Improved means of transit carry people very quickly to places as distant as Oxford in one direction and Canterbury, Brighton, or Winchester on other radial lines.

With the beginning of July, London entered upon a remarkable transit experiment that will in due time command the attention of municipal authorities everywhere. In April, Parliament passed an elaborate bill entitled "London Passenger Transport Act, 1933". It was the result of much negotiation and protracted study. It estab-

lishes a public authority called the London Passenger Transport Board, consisting of a chairman and six other members. The situation to be dealt with is so vast and so complicated that the Act fills almost two hundred printed pages. But its nature and purpose are well enough set forth in the following paragraph:

"It shall be the general duty of the Board so to exercise their powers under this Act as to secure the provision of an adequate and properly coördinated system of passenger transport for the London Passenger Transport Area (as hereinafter in this Act defined), and for that purpose, while avoiding the provision of unnecessary and wasteful competitive services, to take from time to time such steps as they consider necessary for extending and improving the facilities for passenger transport in that area in such manner as to provide most efficiently and conveniently for the needs there."

The powers of the Board are to be exercised primarily in the acquisition of the underground systems, the omnibus lines, the tramways, and in general the passenger transportation services not only of London, but throughout districts extending on the average some twenty-five or thirty miles outside of the metropolis in all directions. The financial phases of this project are of almost startling magnitude. The Transport Board is chosen in

such a way as to keep it entirely out of the domain of theoretical or practical politics.

New York and other American cities must sometime unify their transit facilities. No one would expect them to follow the London example blindly. But they would find it worth while to study the principles upon which Parliament has proceeded in establishing this new Board, and in defining its powers and objects. With high buildings prohibited, traffic is





SPORT LOVING Britishers are here shown watching tennis matches at Wimbledon. Golf and horseracing are other favorites. Last month sporting events rivaled the Conference for front page space in British newspapers.

more manageable in the central parts of London than in our American cities. But population spreads over great areas, and business is sufficiently centralized to make passenger transport increasingly important. The surface system of motor omnibuses and street cars (tramways) is so efficient as to be justly popular, and the subways are more satisfactory than those of New York. The new central control fully recompenses invested capital, and the public will not at once be aware of the changes that are expected to produce desirable results by getting rid of duplication of facilities.

The Visitor Finds Much to Admire

UNDER RECENT LEGISLATION, we are entering in the United States upon a new form of partnership between government and industry. It is not the purpose of Congress and the President to operate factories or to absorb the industrial activities of the nation. For many years our Government has been meddling and interfering, on the theory that business if left to itself might become harmonious and efficient. We have been foolish enough to proceed upon the view that public interest is served by compelling business enterprises of all kinds to expend their energies in competitive strife. Quietly, but steadily, the British government has been extending its authority over activities that concern the social well-being, and we are now following what are the well-established precedents of England.

That we have suddenly come out from under the spell of that insane delusion about trusts is almost too good to believe. Politicians and lawyers have thriven upon the anti-trust laws. They have fomented the antagonisms that have beset the march of industry in America. Government is now to help industry, rather than to force it to use destructive methods. It is well to know that business in other countries has not been hampered by government hostility as in the United States.

Since the War the railways of Great Britain have been consolidated into four systems. Their business has declined relatively on account of omnibuses and motor trucks. But they are showing great enterprise in improving their services and reducing their rates, while providing innumerable excursions at low fares from every station in the kingdom to every other station. Railroad omnibuses (as auxiliary) are to be found on the country roads in every English county. It seems to be the general rule that the railways own a half interest in the omnibus lines, outside of the strictly local or municipal systems.

Almost everybody nowadays travels "third class". At least twenty third-class tickets are sold for every first-class ticket, and the British public travels in a democratic fashion. The constant use of omnibuses and third-class railroad tickets is having a marked social effect in many ways. The working classes are much more comfortably and suitably dressed than in previous times, while the so-called higher classes have given up their former conventional manner and dress. High hats are rarely seen on the streets, and easy sack suits are the usual attire of noble lords, while blue shirts and soft collars are universal this summer throughout the length and breadth of the land.

Nothing could be more mistaken than the impression that England is in a state of decline. I shall say something about unemployment in subsequent paragraphs. There has been hardship, especially among the so-called middle and upper classes who do not participate in unemployment insurance or doles of any kind, and whose reduced incomes are heavily taxed by the local as well as the national authorities.

But they adapt themselves to their changed circumstances with pluck and good temper. They are running the country on a very large national budget, and the British people are paying taxes enough to make the government revenues and expenditures balance.

PUBLIC INTEREST in the Economic Conference, as well as in outdoor sports, is evidenced by the crowd waiting to see the King arrive for the opening ceremony. Many women were among the throng.



Inequalities of social condition are not nearly as evident now as formerly. Snobbery does not fit these times. The British people pay taxes to support institutions that serve their purposes. They get good returns for their money, and are not victimized by bosses or grafters. To an American, the complete prevalence of law and order in England, in the great towns and in the villages and open country alike, seems as near perfect as possible.

Not only does the Government afford protection in the negative sense, but it continues to expand its functions on the constructive side. For example, there is an Electricity Board that controls light and power services for the entire country.

More than three-quarters of the British people live under urban conditions, and city governments persistently and ably concern themselves with the social interests of their populations. They do these things with ardor and optimism, in spite of the burden imposed by the slackness of local industries and the high ratios of unemployed families that have to be assisted.

The younger generation, trained in good schools, is superior, in almost every way, to the preceding one. Relief would in any case have been extended, where needed, in one form or another. I am convinced that the so-called "dole" system is the best that could be devised under present circumstances. The "dead-beat" type of lazy and drunken pauper is no longer to be reckoned with. I have never seen so little outward evidence of destitution as in these recent weeks when motoring in different parts of England.

In large industrial towns, even where there is much unemployment, working families are eagerly buying their own homes on the instalment plan. The national and local authorities are everywhere promoting plans for the better housing of the British nation. New cottages on the outskirts of towns and villages have been built since the war by the hundreds of thousands.

Agriculture is far from prosperous, but Parliament has done many things recently to aid the rural life and industry of Great Britain. Not only are the major highways in good order, but the local lanes and roadways are well kept, and the rural scenes of England were never more charming than in the present summer. There has been a general refurbishing of the old village inns, to accommodate motor traffic. Some of our readers may like to know that motoring through the English country is by no means expensive, in view of all that can be seen in a given region even in a single day.

Socialists and Conservatives in Harmony

LAYING ASIDE hundreds of differences in detail, the British and American governments are now managing the affairs of the world's two foremost nations in ways fundamentally similar. Neither of them is running on the ordinary lines of partisanship. The British government has just now been passing its budget, involving certain changes in taxation and expenditure. It has been enacting measures for relief, in addition to the provisions that are regularly made under the "dole" and pension systems. Through a select committee of both houses of Parliament it has been giving final study to the proposed Federal Constitution for the government of India. It has been dealing with problems of world trade and imperial relationships. It has been concerned about intergovernmental debts, and about currencies and monetary standards.

It has managed somehow to hold the confidence and good will of the general public, so that its official proposals after reasonable debate have been accepted by immense parliamentary majorities. It seems wholly anomalous that a lifelong Socialist like Ramsay MacDonald should continue as Prime Minister with the backing of a House of Commons that is more than 80 per cent Conservative. But Stanley Baldwin, the Con-

servative leader, and Neville Chamberlain, Chancellor of the Exchequer, with Sir John Simon, the Liberal Foreign Minister, go along in harmony with Mr. MacDonald; and there seems little reason to believe that this situation will be disturbed in any major way in the near future.

In the United States, Congress is overwhelmingly Democratic; but the Administration of President Roosevelt is amazingly successful because it serves national ends in a non-partisan spirit. The American government, like the British, at the present time is free to attempt large things for the simple reason that it does not have to deal with political opposition.

The best of the British journalists, writing in the daily press and in such weeklies as the *Observer*, the *Spectator*, and the *Economist*, have fully understood the nature of the Roosevelt policies for economy, unemployment relief, and business recovery that were approved by Congress during the special session. They look on at the American situation with a clear perception of the demands that are made by the domestic program. They know that the United States cannot do everything at once, and that the best contribution

America can make to world recovery just now is to bring about business revival at home.

Home Policies Interfere with Stabilization

THE ECONOMIC CONFERENCE as it opened on June 12 had duly accredited delegates from sixty-six nations. To organize such a gathering for valuable decisions

and tangible results was a puzzling job. English newspaper readers are interested chiefly in out-of-door sports during the month of June. It was unusual that the London press should have given so much attention to the Conference. But statesmen had been declaring all over Europe that if this conference should "fail", there must certainly be a frightful collapse of our modern civilization, about as quickly as a traffic light changes from green to red. Nobody believed this, of course, but it advertised the conference.

The more popular newspapers in England, like some of our own in the United States, assume a peremptory tone when they deal with international questions. On the eve of the conference they were declaring that Uncle Sam must cancel the government debts before any further step could be taken to improve the world's economic conditions. They evidently thought that the debt question could be settled by bold assertion against further payments. When a small payment was made in silver to avoid British default as of June 15, the debt issue was, by common consent, postponed for negotiations to come later in the present year. The British public has been so completely misled by the popular newspapers that it does not now believe that a single penny of these obligations is actually owed to the United States. Sir Harry Gloster Armstrong's interesting solution to the debt problem, which appears in this number, is deserving of attention. He understands conditions in both countries equally well.

The French delegates were less concerned about indebtedness to the United States, because France has met that issue in its own way. But they were greatly disturbed by the American inflation policy. They demanded immediate currency stabilization for the period of the conference, with the adoption of a plan for early return to gold payments by the United States and Great Britain. They threatened to withdraw from the conference, or to secure its indefinite adjournment, if action were not taken at once upon the problem of currency exchanges.

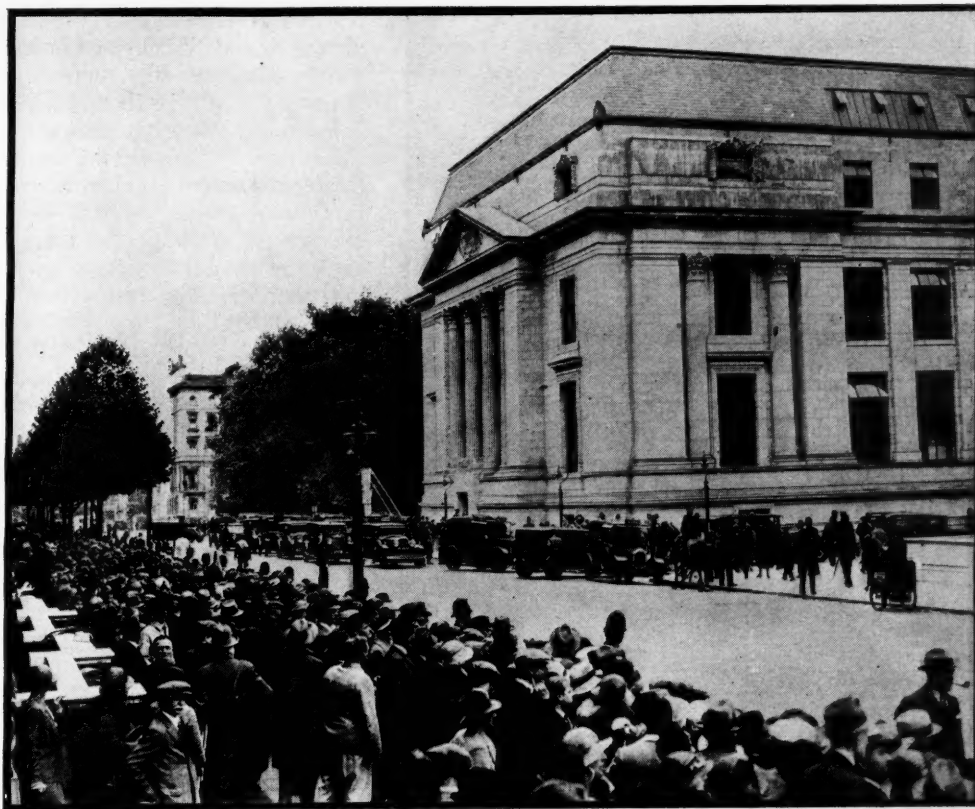
It is true that in his appeal to the nations President Roosevelt had placed emphasis upon this question of stable money as one of the things to be settled by the conference. A tentative plan was formulated, with the American delegates assisting. But President Roosevelt had secured full power to control the currency situation, Congress had adjourned, and the pressure upon the President to raise commodity prices could not have been resisted, even if the President had preferred to put a sudden check upon monetary inflation. He informed our delegation at London that changing conditions at home would not justify an immediate return to the gold standard, or even an attempt to keep the dollar temporarily at an agreed exchange ratio to British pounds sterling and French francs.

Mr. Roosevelt recognized the importance of the conference, and still believed that it could be useful. But he entertained the opinion that international difficulties might be lessened appreciably by the unchecked de-



PROFESSOR MOLEY'S ARRIVAL in London was awaited by all with intense interest.

DELEGATES arrive at the new Geological Museum in Kensington, London, where the Economic Conference is being held. This building has just been completed, and its use as a museum will not commence until later.



velopment of national policies for recovery. Commodity prices in the United States were advancing, factories were employing more people, railroads were loading more freight cars, speculative markets were booming, and—to put it briefly—the people of the United States were recovering their purchasing power. Mr. Roosevelt believed that the situation could be kept in hand, and the Administration assuredly did not wish to promote reckless inflation. But the burdens of debt and taxation, that had been crushing individuals and communities alike, had not been greatly lightened as yet by the upturn of prices. Millions of people were still waiting to be set at work. Domestic improvement was more vital than foreign exchange.

Our Dollar Abroad Grows Weak

NOBODY SEEMED QUITE to understand the reasons that lay behind the rapid decline of the dollar in exchange transactions with Europe. Early in June the pound sterling was worth about \$4.00. With daily variations, the dollar had drifted down to an exchange rate that passed \$4.50 in the early days of July, with hourly wobbling. As regards domestic transactions, whether in the United States or in Great Britain, these changes in relative currency value were of no consequence. Nothing but speculative manipulation could have produced the erratic movements of exchange during the last half of June. As regards international transactions whether financial or commercial, the situation was detrimental almost beyond endurance. It was leading men of good judgment to the conclusion that some way of controlling exchange could be found and ought to be adopted.

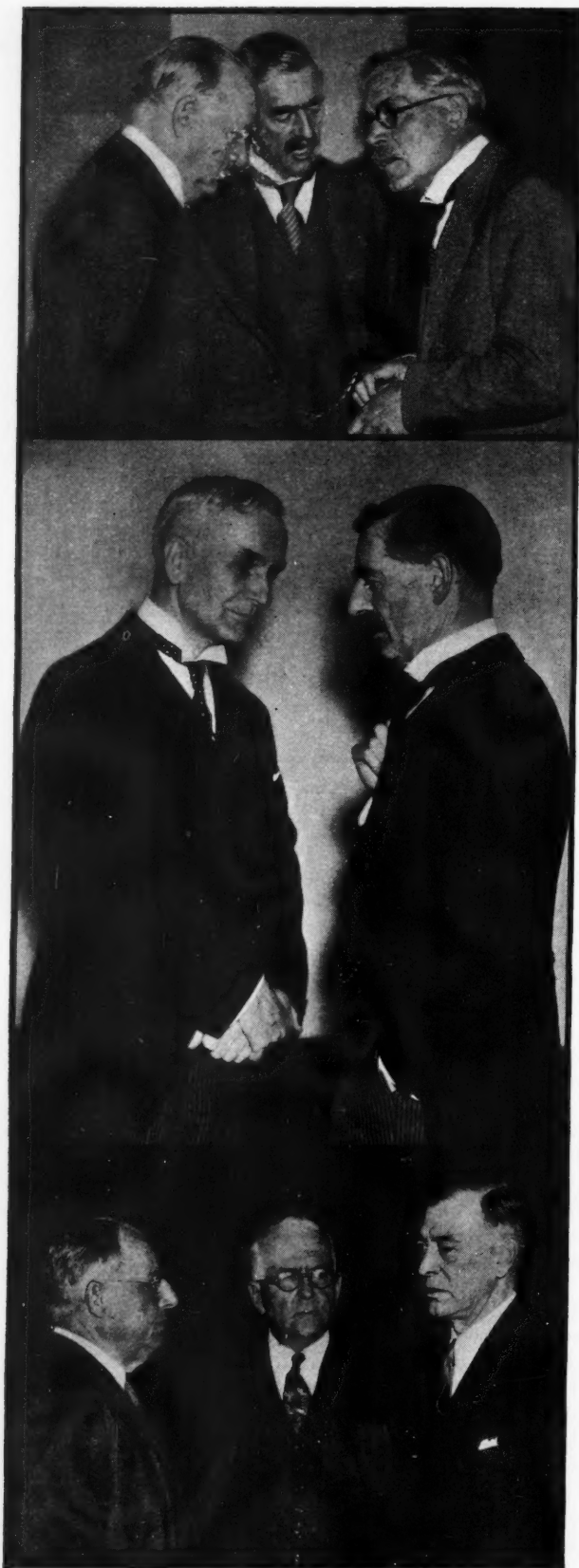
Just as this monetary situation was approaching a new point of crisis in the conference, Mr. Raymond Moley arrived to bring the President's revised views to the American delegation and to the conference leaders.

Mr. Moley's position as a close personal adviser of President Roosevelt, and his official standing in the Department of State, were well understood by the British and European press. He had no thought of appearing on the scene as one whose first words might save Europe from ruin and despair. In point of fact, however, his coming was awaited as a major incident in the early weeks of the conference. Raymond Moley had suddenly become the man of the hour. His presence made a sensation in England that was surpassed in those last days of June only by certain events in competitive cricket, tennis, and golf.

This comparison is not made flippantly. The British nation is sustained by its sense of humor and its devotion to sports of all kinds. It works, in order that it may live agreeably and enjoy playing games. It goes forth by the million to see games played by amateurs and professionals alike. It attends races and spectacles, and it bets on everything.

Statesmen and economists were sincerely hoping that the conference might agree upon some things that would liberate the movements of international trade. They were of opinion that the United States could do more than any other nation to lead along paths of definite success. It was hoped that Mr. Moley's coming would give the American delegation authority to take a bold course, in conjunction with the British.

The currency exchange situation was producing increased anxiety, not only in France, but also in Switzerland, Holland, and Belgium, these countries having remained on the gold basis. Exchange between London and Paris was varying only by minute fractions from the rate of 86 francs for the pound sterling, although England like America was off the gold standard. What influence was making the dollar behave so queerly, while the paper pound was as steady as French gold? Nobody could answer that query. Mr. Moley's visit



LEADERS at the Economic Conference discuss what ails the world. Above, Premiers Bennett of Canada and MacDonald of Britain (left and right) confer with Chancellor of the Exchequer Chamberlain. In the center picture Mr. Chamberlain (right) passes the word on to Secretary Hull, leader of the American Delegation. Below (from left to right) Mr. James M. Cox talks matters over with his fellow Americans, Senators Couzens and Pittman.

resulted in renewed efforts to secure an agreement. The view was widely held in London that the two governments might readily support exchange until further notice, at a rate of about \$4.25.

President Roosevelt grew daily more convinced that the delegates were paying too much attention to this matter of international exchange rates. He cabled the conference on July 3 that he would regard it as "a catastrophe amounting to a world tragedy" if monetary exchange rates affecting a few nations only were permitted to divert attention from fundamental economic ills to cure which the conference had been called.

Later the American delegation clarified its position by declaring that in its opinion the first task was to restore prices to the level at which industry and agriculture could function profitably and efficiently, and then to stabilize that adjustment. The part which gold and silver should play would after that be a further subject suitable for agreement among nations.

Where the Conference Made Headway

MANY PEOPLE WERE saying, in a cynical way, that nothing could be expected to result from a polyglot conference that had not assembled merely to ratify certain decisions well prepared for it in advance. I am inclined to take a different view.

Let me turn in a few sentences to our own situation in the United States. We are engaged in reorganizations of industry and agriculture that would have been regarded as impossible three months ago. In one way or another we are going to adjust the evils of over-supply (or under-consumption) in such farm products as wheat, cotton and livestock. For years the petroleum industry has been struggling vainly against over-production and destructive competition. Today the Government is prepared to help the producing states, and the oil industry itself, to a definite solution of the whole problem.

Adjustment is in sight as regards the conditions of production and employment, and of competition in many other industries. All of these situations are complicated, and nobody would have believed a year ago that a method could be found and adopted, in accordance with which the Government itself would become rational and intelligent, and would play the leading part in bringing about a peaceful and hopeful revolution in the general sphere of our economic life.

Now it happens that there are also questions profoundly affecting people living in many countries. These questions can be dealt with only through international agreements. It is the business of this Economic Conference at London to differentiate such problems, and to deal with them as best it can. I may assure readers of the REVIEW that committees of great ability, assisted by many experts, have been dealing with a number of these topics from the earliest days of the conference.

One of the questions, for example, is the relation of silver to the future monetary system that must be worked out for all countries. More than half the people of the world are accustomed to the daily use of silver as money. The best minds of the conference are bent upon finding a way to restore silver to its proper place. This cannot be done by separate countries. The conference seems to be moving toward the conclusion that gold is a commodity for central banks to hold and to use in the adjustment of trade balances, but that gold



THEIR MAJESTIES, the King and Queen of England entertained several thousand guests including the delegates to the conference, at Windsor Castle

should no longer be available in coined form for ordinary circulation.

Banking in the United States should be exclusively a national function, and the forty-eight systems of state banks should be abolished. Money, on the other hand is a world affair, and it should be standardized through international agreement.

Under the power conferred upon President Roosevelt and Secretary Wallace, wheat acreage in the United States can be reduced in one way or another, and domestic prices for wheat can be advanced as may be thought proper. But wheat is a commodity that enters into world trade and consumption. There is an international wheat problem, with which exporting and importing nations are alike concerned. Weather conditions are giving us a reduced crop in the United States this year; but we are holding a surplus estimated at 350,000,000 bushels. In the United States we consume by far the greater part of our own wheat production. But Canada, Australia, and Argentina produce wheat in large quantities for export, and they consume only a limited percentage of their respective crops.

Countries like France and Germany have a balanced kind of agriculture that makes it desirable for them to employ policies which render them practically independent of other countries, in respect to ordinary food supplies. Changes in European agriculture since the war, with the cheapening of phosphates, nitrates, and other fertilizers, have lessened the dependence of numerous countries upon supplies of bread and meat from North and South America, Australia, and so on.

The wheat problem, therefore, has two aspects: First that which is immediate, in view of huge existing surpluses, and second, that which looks to the years to come. Alongside of the main conference, and acting

virtually as one of its committees, is the special wheat conference that began its sessions at Geneva in May. Mr. Morgenthau of New York and Mr. Murphy of Minneapolis are the American members of this group that is dealing with wheat. The desired solution is an agreement based upon some plan for reducing acreage and limiting production in Canada, Argentina, and Australia as well as in the United States.

A year ago nobody would have thought it possible to bring such a solution to the point of serious negotiations. Yet I find that this smaller group has been preparing the ground for what I believe will result in some form of wheat regulation. Agriculture suffers not merely from domestic maladjustments but also from disastrous competition between widely separated parts of the world. This Economic Conference dares to believe that something can be done to cure such evils.

For several years there have been persistent efforts, in the face of many difficulties, to bring about some agreement among the principal sugar producing areas which would restore prosperity to countries like Cuba that have been impoverished through over-production and ruinously low prices. It is within bounds to entertain the belief that this conference may endorse the Chadbourne plans, or something like it, and stabilize the world market for sugar.

Progress, If Not Final Solutions

THESE REMARKS on silver and wheat and sugar are offered as illustrations of the many concrete matters with which committees of the conference have been occupied. I am of opinion that no one should be ready to disparage the conference merely because issues of such vast importance cannot be settled in a week or a

month. When the conference has adjourned, many of its committees ought to be continued; and at a later time the conference as a whole should be reconvened.

I am not prepared to express an opinion upon certain questions of national policy before the conference, such as those of tariffs and trade restrictions. No nation is ready to give up the right to decide for itself how far it will go in protecting its own industries and agriculture, and in stimulating external as well as internal means of commercial transportation. But existing barriers are in many cases needless as well as vexatious; and they might be modified by agreements on terms of mutual advantage.

Our Secretary of State, Cordell Hull, is well known to favor greater freedom of movement for international trade. He coöperates admirably with the British Premier, Ramsay MacDonald, who is general chairman of the conference. Governor James M. Cox of Ohio and Florida, as chairman of the important Financial Commission of the conference, has shown himself diligent and versatile. The American delegation is attended by many accompanying specialists and experts; and the hospitality of London as shown to them all has been kindly and sincere. There is no reason why many useful things should not be promoted by the conference, even if final decisions are slow to be reached.

Americans who had expected to find Englishmen using the word "depression" have been agreeably dis-

appointed. It is the British habit to take things as they come, and to let nothing interfere with their main object which is, simply stated, the enjoyment of life. England's greatest asset in the future is not to be found in its coal mines, cotton mills, or ocean freighting. It is now engaged in trying to convert the so-called British Empire into a commercial unit, with little prospect of success. India will make its own cotton goods as against the Manchester district. Canada will not cease to do business with the United States. South Africa and Australia will demand British naval protection, but will trade with the world at large.

Britain's greatest resource will be found to lie in its appeal to sentiment, and in the rewards which it offers to intelligent visitors from all countries, especially to those who may come from the United States and from the British Dominions.

The future of travel and intercourse between America and Europe is destined to be far greater than the past. The Continental countries will not lose their share of profitable travel business. But the British Isles especially may do well to prepare for a steadily increasing stream of visitors. These guests will not only find education and pleasure in historic survivals and in the scenes of town and country life, but they will also imbibe something of that spirit of cheerfulness in the face of vicissitudes that the British people exhibit, beyond those of any other country.



GOLF is a popular British pastime and England and Scotland abound with beautiful courses. Here we see the Gleneagles course in Scotland during the Ladies Amateur championship matches.

Is Roosevelt Right?



By P. W. WILSON

AMID GREAT EVENTS that hourly develop the situation, the world is faced by a supreme uncertainty. President Roosevelt has made clear his policy. It is to raise prices. But is he right, or is he wrong? Countless billions of money, in all currencies used by man, and the livelihood of countless millions of breadwinners are affected for better or worse by this unanswered question.

For what he calls "action," the President certainly received a mandate. President Hoover had stoutly defended "our American system", no less loudly did Governor Roosevelt demand "the New Deal", and called upon for a decision the country delivered an unmistakable verdict. From coast to coast the "permanent majority" of the Republican party, maintained since the Civil War, was shattered. By 22,500,000 votes to 16,000,000, Mr. Roosevelt was elected. A Congress with 59 Democratic Senators out of 96, and 313 Democratic Representatives out of 435 was sent to Washington to support him. Also, there are 38 Democratic Governors.

On those Ides of March when the President was inaugurated, there was no mistaking the crisis that had arisen. Veterans had been marching on Washington to demand the bonus. In a mutinous Chicago, teachers clamored for salaries. The taxpayers of Philadelphia had risen in open revolt. New York was embarrassed by an epidemic of tax delinquency. Skyscrapers and hotels were in the hands of the receivers. The opera was insolvent. Salaries everywhere were slashed. Farmers violently resisted foreclosure. There were illegal attempts to enforce embargoes on the overproduction of oil, milk, and cotton. No fewer than 12,000,000 workers were unemployed. Credit was undermined by the hoarding of gold and of currency based upon it. Traffic across the ocean had almost ceased. The President did not exaggerate when he declared that the country was "dying by inches." Confidence was shaken and every bank in the country had to be closed.

At that moment of danger, President Roosevelt rose to a great emergency with a splendid courage. Like Philip Snowden, he is a soldier of physical misfortune who won the hardest of all battles, and like Snowden he is misunderstood. The warmhearted Yorkshireman deceives because he is dour. If Roosevelt deceives it is because he is debonair. Over the radio he has been superb. No less evident is his executive promptitude. Allowing for President Hoover's disastrous luck in having against him an incorrigible Congress, it is still obvious that, after all, the politician in the White House is proving to be the better business man.

Amid a chaos, thus national and international, President Roosevelt saw clearly what, as he believes, is the thing to be done. His stupendous program of recovery

embraces the budget and the banks, with farms, forests, and factories, with mines, quarries, and railroads, with producing plants, public utilities, and stores. Amid the infinite variety of detail to be adjusted, there is one objective on which the President has laid his finger. Once more we see ten-cent cotton and dollar wheat.

As a stimulant to a fainting body politic, the price-raising has been an immediate success. Defeatism has been defeated. There is a different temper among the people. The value of what the farmer sells has recovered more rapidly than the cost of what he wished to buy; and his grievance against manufacturing industry, to that extent, has been abated. The manufacturer on his part is grateful because the farmer is becoming again a substantial customer. Business is enjoying the luxury of trading in a buoyant market where profits can be made and where frozen assets are thawed. There begins to be an alleviation of the abnormal load that falls on the citizen as a debtor and taxpayer.

The beginnings of a boom are obvious. There is heavier traffic on railroads. There are larger clearances by banks, a speculative buoyancy on the stock exchange, a rise in the federal revenues, diminished unemployment, a higher output of steel, a resumption of building, more abundant advertising, and many increasingly favorable reports from numerous industries.

ACCORDING to Adam Smith, the wealth of one nation contributes to the wealth of all. Prices in a country so large as the United States cannot rise without influencing prices elsewhere. Compelled to import commodities like tea, coffee and rubber, this country does not develop a home market for herself without sharing it to some extent with mankind. It may be only a coincidence; it may be international psychology; but there is no doubt as to the fact. The commerce of the world as a whole has taken a turn for the better and President Roosevelt is receiving the credit. Throughout the British Empire and Latin American countries, his economic leadership has made a great impression. Also he has made terms with Russia.

We are thus faced by a paradox. On the one hand, a national emergency has been declared which, at the will of the President, can be continued for two years. Relying on this magic phrase, Congress has adjourned till January, having conferred powers on the Executive which may be described as dictatorial.

On the other hand, the very success of the New Deal acts as a boomerang. A nation, beginning to return to normalcy, is relieved of panic and, steadied by the inertia that resists a sudden movement, can pause to consider the position. Admitting that the New Deal, like a niblick, got the nation out of a bunker, is it the

club to use for the rest of the round? The press, never more vigilant than today, asks how far it will be necessary for the President, after all, to exercise his special powers. Reluctant industrialists have to be warned of what happens to Bourbons who learn nothing and forget nothing. Lawyers discuss whether the President, if challenged by the truants, would be disarmed of his big stick as an instrument of policy by the constitutionalists of the Supreme Court.

The New Deal is not to be examined, therefore, as a momentary restorative. It is a program intended to be permanent. Nor is it possible to raise prices without adjustments in the machinery of finance, industry, and commerce as a whole. We have to consider three factors. The first is inflation. The second is promoting demand. The third is limiting supply.

IT CAN HARDLY be alleged that President Roosevelt plunged hastily into inflation. On the contrary he began the New Deal by making money not easier but more difficult. For many years, a luxury liner of state had enjoyed spells of fair weather. The owners did not worry very much if, in certain details, their vessel was hardly to be registered as A-1 at Lloyds. When, however, she ran into the hurricane, the doubtful timbers gave way and sprang leaks which proved to be a peril to the community. Over the budget and over banks there was trouble; and in both cases the immediate effect of the remedy invoked was to slow down the circulation of money.

On the budget, President Roosevelt overcame the demands of veterans who treat representative government as a racket, and forced economies which in all amounted to \$900,000,000 a year. Revenue is increased by better trade, the beer duty and, above all, by the stricter collection of income tax which cuts out the allowance for losses and profits on capital, so eliminating the inducement to hold on to securities when they are high and unload them when they are low. A reform only waiting to be achieved is the abolition of tax-exempt securities which enable the rich to escape the higher rates of levy and tempt states and cities to borrow in a velvet market.

On the cynical nonchalance which has permitted as many as 28,000 banks at one time to receive deposits, it is needless to comment. The point here is that, at the end of June, much hard-earned money, amounting in all to \$10,000,000,000, was still tied up. It is a deflationary loss of immediate funds that exceeds three times the federal debt before the war and nearly equals the whole of the European war debts. The withholding of interest on deposits and their prospective insurance, with the compulsory registration of securities offered for sale—however salutary these reforms may be—can hardly be regarded as means of developing the spending power of the people. In any event, the circulation of money fell far below what it was at the beginning of March, and if a silver-tongued Congress asked the President whether this is the way to raise prices, why wonder?

The gold reserve of the United States exceeds \$4,000,000,000. For hinting, during 1932, that it had been barely sufficient to withstand attacks on the Almighty Dollar, President Hoover had been sharply accused of *lèse majesté*. Yet a Bryanite Congress, that had thus criticized, refused to allow its own more fortunate President to be crucified on a Republican cross of gold. There was, indeed, no idea of engraving a bonus in fiat

money. But the President was empowered to reduce the gold content of the dollar by as much as a half, and the effect of this somewhat mysterious alchemy is a permission, at his will, to release a proportionate amount of additional paper dollars.

In London there has been, moreover, talk of reducing gold reserves, let us say, to a minimum of 25 per cent of currency—the present figure in this country is 40 per cent—and that one-fifth of the metallic reserve may be held in silver. The British paid in silver their "token" of \$10,000,000 on account of war debt, making thereby a handsome profit for which they have to thank the generosity of an active lobby at Washington, and against this bullion notes may be issued. Comparatively speaking, the sum is trifling. But the thin edge of the silver wedge is there.

An accomplished yachtsman, sensible of a stiffening breeze at his back, decided to let the dollar slip from its anchor. Two measures were ordered. First, export of gold was prohibited. This prevented a flight from the dollar not by foreigners alone but by Americans themselves. Secondly, the gold standard was surrendered, including gold clauses in contracts—this, not as in Great Britain under compulsion of circumstances but deliberately as a sovereign act of the republic.

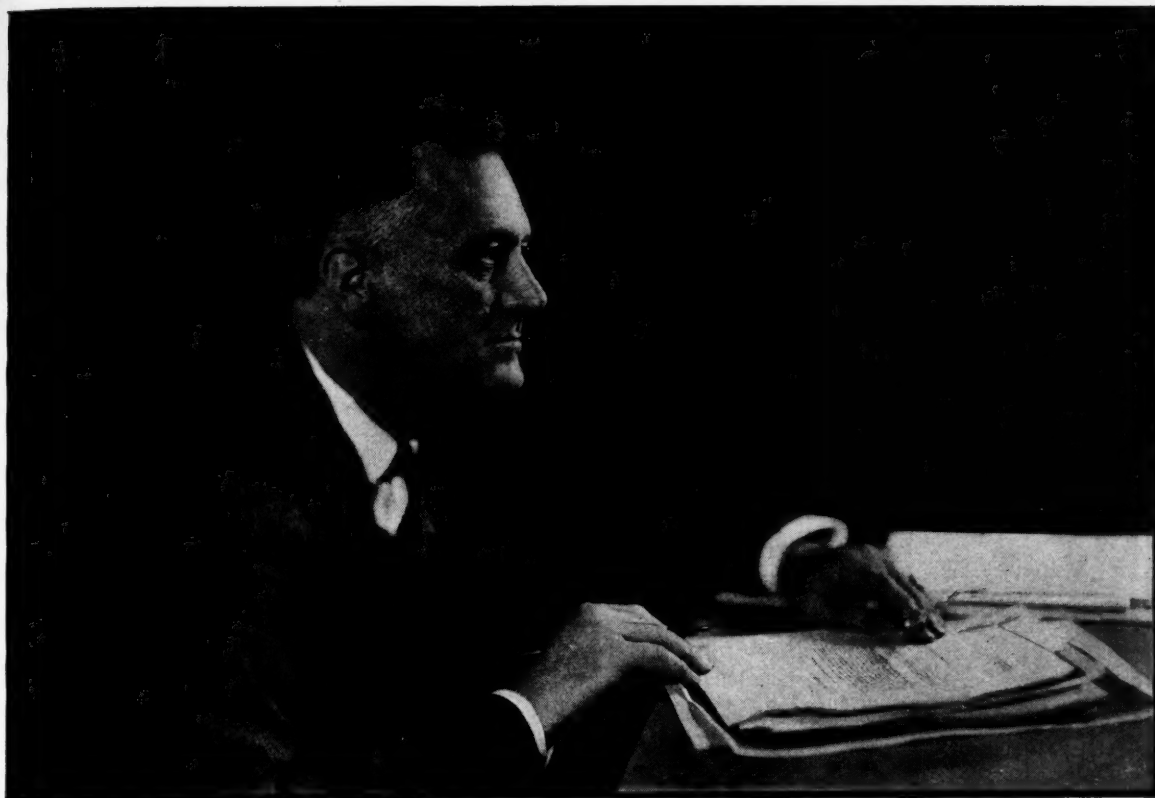
It is then to the managed currency, so long advocated by J. M. Keynes, that the President has resorted. The value of the dollar should be related to all the goods in the store, and not merely to the least fashionable of the precious metals in the jewelry department. There is no desire to obliterate the dollar as Russia obliterated the ruble, and Germany the mark. Nor is there a yearning to humiliate the national currency as Italy humiliated the lire, and France the franc. But the dollar is to be taught a lesson in what Senator Borah calls "honesty". It is to be worth as much twenty years hence as it is today.

For a country so conscious of her internal obligations as the United States, honesty in the dollar is declared to be the only policy. The federal and municipal debt; the lavish capitalization of railroads, industries, and real estate; the mortgages on farms and homes—these have accumulated year by year into a colossal liability of which, in part, there has had to be repudiation by insolvencies. If a debtor borrowed money ten years ago in cash that had a certain value in commodities, he ought not to be asked to pay interest and sinking fund on his loan in cash that is worth three times that value in commodities.

THE RESULTS of devaluation have been widely discussed and certain facts are clear. The dollar fell more than 25 per cent below par of gold. Sterling rose rapidly from \$3.20 to \$4.50 and even higher. At the World Economic Conference, there were hectic week-ends.

The theory that the devaluation of the dollar raised prices is, however, disputed. When Great Britain abandoned her gold standard, she did not increase her circulation of currency to any important extent, and prices in the home market were curiously unresponsive. By far the most interesting and even menacing possibility is that raising prices may drive the dollar into depths not intended by the Administration.

High prices, we are told, mean that happy days are here again. For families on fixed or reduced incomes,



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THE NATION'S CHIEF EXECUTIVE AT HIS DESK IN THE WHITE HOUSE

which constitute a majority of the nation, it is an ironical kind of prosperity that adds to the cost of house-keeping. During the depression these families were safeguarded against privation by the bargain basement. There was a merciful and not inequitable cheapness that saved many an otherwise desperate situation. In the proud boast of Sir Robert Peel that he had provided the laborers with a large loaf, there was after all, a certain common sense.

The basic week proposed by General Johnson is to contain 32 hours of work, at 45 cents per hour, or a wage of \$14.40. It is not a large income against which to raise prices, and one of two things must happen. If average incomes remain as they are, there must be a lowering in the standard of comfort and that consuming capacity of the people on which the whole scheme depends. If, however, incomes are raised to meet prices, the circulation of money must be increased; and currency will be set rotating in a circle, benevolent or malevolent, for it makes no difference to the result, which may be as difficult to break as the vicious circle of deflation itself. In numerous instances during many periods of history, raising prices has landed nations in an inflationary maelstrom. The bucking bronco is released from his golden stable. Happily for Mr. Keynes as a spectator, he is not called upon, like President Roosevelt, to ride the animal.

Over the claim that President Roosevelt has balanced the budget, there is a lively controversy. A budget is balanced when the revenues cover the current expenditure, furnishing also a margin for repayment of the public debt. In this technical sense, even the budget of the burdened French nation might almost be said to be balanced.

The President has been authorized, however, to bor-

row billions of dollars for what France would call extraordinary expenditure, with which to finance the recovery in so far as this is necessary. There is relief granted to the unemployed. There is the development of Muscle Shoals. There are enormous appropriations for afforestation, public works, and the building of the navy up to treaty standards. The new liabilities, if fully incurred, might raise the federal debt to \$26,000,000,000 or thereabouts; that is, to the peak at which it stood at the end of the war. The hope is that, with trade improving, the whole of this expenditure will not be needed. It adds to the demand for goods and tends to make it harder to keep prices within bounds.

At Washington, the perils of price-raising are fully appreciated. At no time has President Roosevelt depended solely upon the attempt to manage currency. That factor in the problem has been regarded as the mechanism of a truly stupendous plan to adjust supply and demand.

It is asked whether this plan is Socialism. The question is childish. We are dealing not with phrases but with facts. We are seeing an endeavor in the twentieth century to abate competition and to reconstruct the trade guilds of the middle ages. It is what has been called syndicalism in its relation to the particular industry, and in relation to the state it may be defined as Communism by consent of the citizen. But its name matters little.

To bring all the means of production, distribution, and exchange within one coordinated comradeship of social service is an aim that, had it included the spiritual, would have been as great as St. Augustine's conception of a comprehensive Christendom. For the realization of such an ideal, the United States and Russia, with their continental magnitude, geographical iso-

lation, and incalculable resources, offer a field that perhaps is to be found nowhere else. Both countries, however, have been driven onward by forces that neither could resist. In Russia the economic equipment was primitive and had to be elaborated. In the United States an elaborate equipment broke down under the stress and strain of circumstances.

Over Lenin and Trotsky, President Roosevelt has enjoyed advantages. As he starts the noble experiment, the country is not shattered by war but secured in peace. Nor is the economic problem complicated by dynastic changes and an essentially irrelevant animus against religion. Baptists, Catholics, and Atheists, after all, are alike in their consuming and producing capacities. The issues arising out of the New Deal can be considered on their merits.

There is a further circumstance to be kept in mind. Russia has been mainly illiterate, and the only efficiency on which at the outset Lenin could depend was a zeal for Communism. But in the United States money and enthusiasm are lavished on education, and President Roosevelt has found, ready to his hand, what is accurately called the "brain trust". We poke fun at the "faculty" on the "campus" at the White House, but at this crisis it has been salvation itself that, on every important aspect of the economic perplexity, some doctor of philosophy had won a golden tassel by writing a thesis, and that, according to the gospel of Professor Dewey, the whole of this vast and varied erudition is held to be consecrated to the pursuit of happiness. The landscape trembles with earthquake. But the maps, at least, are complete.

On the other hand, we must not underestimate the stupendous task that has to be achieved. As to the organization of agriculture, it is nothing less than a proposal to take the entire area of the country now under cultivation of grain, cotton, and other crops, with certain live-stock, and limit this cultivation to what are believed to be the necessities of the season, compensating the farmers for sacrifices of acreage by means of a processing tax, as it is called, on output prepared for the market. For centuries to come economists will argue over the successes and failures of a scheme so fascinating as this. Enough here to say that this entire proposal, may be summed up as an endeavor to regulate—which means to restrict—supply.

No less audacious in its scope is the industrial scheme. The shorter week, the elimination of child labor, the attempt to smash the sweatshop, rules of fair competition, and the allocation of orders—if the necessity should arise—will tend to restrict the supply. But the minimum wage, if it can be maintained by means of mass consumption, will increase purchasing power and therefore the demand for commodities. The wage-earner will be invited to join the farmer as a consumer.

PRESIDENT ROOSEVELT is an international. He believes that prosperity, unless it be world wide, can never be maintained at a maximum. Therefore he has proposed a large and sincere disarmament as the alternative to a next war. Also it is his view that Europe shall be as free from internal tariffs, quotas, and embargoes on commerce as the forty-eight states of the Union and the nine provinces of Canada. The gospel, according to Secretary Cordell Hull, is as indifferent to frontiers as Lenin's Communism used to be.

As the Elijah of internationalism, President Wilson

did not swerve from the dictates of his "single-track mind", and when Europe failed him he paid the price of his fidelities. President Roosevelt enters the field as an Elisha, and from the first he has furnished that second string to his bow which Bismarck used to call reinsurance. On behalf of peace he cabled to the head of every country on this planet. In the interests of prosperity he discussed economics with MacDonald and Herriot. But he declined to stake the future of the United States on the off-chance that the Disarmament Conference, now adjourned till October, might come to its senses or that Danubian countries, after prolonged dialectic, might decide at last to be as neighborly as commonwealths on the Mississippi and the St. Lawrence. Professor Moley and his merrie men have been working out a scheme for the United States in which nothing is taken for granted save self-dependence.

How will the great experiment work out? Is it possible thus to uplift an economic structure heavenward and defend it by Protectionist outworks against the rest of the world?

We cannot wholly forget a recent experience. Fourteen years ago the war came to an abrupt termination. There was a sharp spell of depression, and among the legends that illuminate the fame of the Blackstone Hotel in Chicago, is the story that, when selected for nomination, President Harding agreed to inflate. By means of easy money, industry was to be stimulated and the home market developed. For eight years that bubble was blown. But in the end it burst, and the later depression was far worse than the earlier.

The reason for that catastrophe is no mystery. The stimulus to production resulted in surpluses. In order to dispose of those surpluses, there had to be exports. Foreign countries did not pay for the whole of these exports in cash. They contracted loans. The interest and amortization of these loans had to be added to the indebtedness accumulating because of further exports. There was a futile attempt to relieve the situation by sending gold to New York and also to Paris. Gold thus became scarce elsewhere and prices fell. The trade of the world was cut to a third. A moratorium had to be declared on war debts, and in Germany commercial paper was put into cold storage. The United States was thus left with huge unsalable stocks of every kind and an immense productive machinery for which there was no use. A calamitous arrest of industry was thus inevitable, and all of us are aware of its serious and far-reaching consequences.

That is a page of history which, let us hope, will not be repeated. But we cannot overlook the significance of wheat exported to China and cotton to Russia, for which the only payment to date is a loan by the Reconstruction Finance Corporation or, in effect, by the taxpayers of the United States. Are these loans to be repaid? Or are they to be added to the war debts? If there is to be repayment, what imports from China and Russia are to be admitted to the United States? Or is a far wider solution to be found for all these questions in a new association of the United States with the British Commonwealth of Nations, Latin American, Russia, and other countries?

On President Roosevelt's success in adjusting the New Deal for the United States with the trade of countries where the old Nationalism dies hard, depends the answer to the question: Is he right or wrong?



GENERAL HUGH S. JOHNSON GOES INTO CONFERENCE WITH DR. LEO WOLMAN AND DR. ALEX SACHS

Top Sergeants of the New Deal

By RAYMOND CLAPPER

AFFAIRS at Washington have passed to an important degree out of the hands of the Brain Trust. Their big job was done when President Roosevelt succeeded in persuading Congress to enact their program into law. Now the battle for recovery has shifted from the stage of map work at GHQ to the firing line of action. Industry must be bent to an organized, centrally directed effort. Agriculture must be put on a reducing diet. Railroads must be shaken out of their tradition-ridden lethargy. It is a job for practical men. It calls for men wise in the ways of business, for men of the world rather than of the college lecture room, for rough-spoken, hard hitting executives, the action type. These men, working under the general direction of the White House, are the top sergeants of recovery. To them Mr. Roosevelt must look for success in his unprecedented experiment.

Selecting them was one of his most difficult and important tasks, for so much depends upon their individual ability. It was easy, as the tasks of this Presi-

dent go, for Mr. Roosevelt to put an emergency program on the statute books. In the first place drafting of his program was relatively simple. Once he had decided upon the broad course to take, he asked Congress for the widest optional powers. His professorial advisers brought in their numerous plans; the inflationists in Congress brought in theirs; almost everyone had something to suggest. Mr. Roosevelt gathered up all of these, shook them down into orderly form, and asked Congress to put them through. Senators and Congressmen, goaded by almost unanimous demands from the country, coaxed along by the promise of patronage jobs steadily dangled in front of them, asked few questions and did as they were told. If Mr. Roosevelt wanted beer, a message of less than seventy-five words brought it. If he wanted emergency bank legislation, he got it before nightfall. When, at the end of the extra session, it was all added up, it was found that Mr. Roosevelt had in effect said to Congress: "I would appreciate it very much if you gentle-

men would give me, for the time being, the right to do anything I deem to be in the public interest". Further, it was found that in effect Congress had given him that right to do virtually as he pleased.

So far, so good. But for all the seeming advantages to Mr. Roosevelt of this blanket authority, actually it made his task more difficult. It is one thing to have your directions all written down, to the last comma. When Congress tells the President he must do a certain thing in a certain way, all he has to do is to follow statutory orders. But when Congress says, "Here, Mr. President, we give you everything but the kitchen stove; it's your baby and we wish you luck", that is something else again.

So, with this great responsibility almost unchecked by legislative inhibitions, with no chart except his own good judgment, our Chief Executive sets forth upon a voyage such as no modern ruler has ever undertaken. Because while Signor Mussolini, Herr Hitler, and Comrade Stalin have authority as great as Mr. Roosevelt has, they do not have to answer for their mistakes. Popular as he is, enjoying almost unbounded trust, followed as loyally as any war-time President ever was, Mr. Roosevelt still must answer to the country barely a year hence when judgment will be passed indirectly in the congressional elections.

This is his hour of greatest responsibility. His fate is largely in the hands of his top sergeants, the men he has placed out in front in contact with the enemy. It is perhaps the greatest test of his judgment, for it involves highly volatile uncertainties such as personalities, temperaments, and individual ability to make the right decisions in a high percentage of situations.

What kind of men has he picked? We do not know exactly. We shall not know fully until General Hugh S. Johnson has been through several major actions. Until we see how successful he has been in persuading, coaxing, cajoling or bludgeoning recalcitrant business men to increase wages while holding profits within

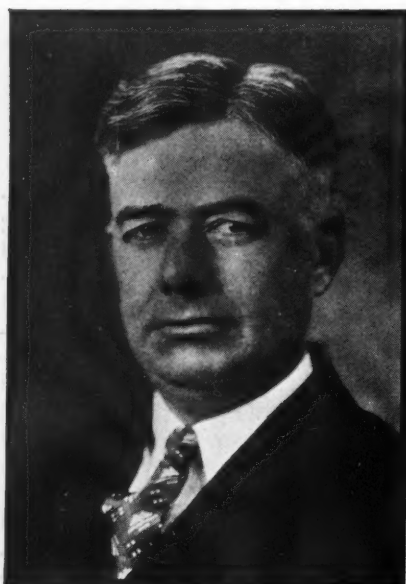
bounds. Or until we see how George N. Peek succeeds in getting farmers to grow less while crop prices rise, beckoning them to get in on a suddenly booming market. Or until we see how Joseph B. Eastman succeeds in inducing railroads to strike out duplications in train schedules, to use terminal facilities jointly, and to pare down lavish salaries.

BUT WE DO KNOW something about these operators of the New Deal. General Johnson is most prominent in the public eye because of the far reaches of his National Industrial Recovery Administration. In his inaugural address President Roosevelt called upon the people to discipline themselves as in war time. General Johnson knows a good deal about that. Gruff and tough, with large round hard-blue eyes which can become as flinty as a banker's, a jaw that snaps with the impact of a sledge hammer, General Johnson demands around him men who won't, as he puts it, "have their pants traded off of them". His hard-boiled language is that of his early cavalry days, sprinkled with his sulphur. His pet phrases are: "you guys," "cut out that guff," "bunk," "hoovey," "chiselers." He says a "man runs faster when he is just two jumps ahead of the bear". Cabinet members, big shots, captains of industry, professors, fancy lawyers, the little gyp dealer, and even "them perfumed guys from the State Department"—he meets them all with the same open, blunt man-to-man dealing. Once, sitting on a table, swinging his legs, with a cigarette hanging from one corner of his mouth, he shot out: "My cards are on the table; you don't need to pull your punches when you talk with me".

With it all there is a rough humor that eases the blow when he is about to make some obstructionist take it. In the early stages, when industry was fearful that he was about to strap it in a straight-jacket, Johnson smiled and said: "We're going to be reasonable. I'm not going to try to put everybody in a Procrustean bed". He was recalling the evil-doer of mythology who had an iron bedstead on which he tied all travelers who fell into his hands. If they were shorter than the bed, he stretched their arms and legs to make them fit it. If they were longer, he hacked off a portion.

Still General Johnson has kindness. At home he tends his roses, writes boys' books, reads political science and economics, roughs his wire-haired terriers with brusque affection. Out of his bluff humor, he named one of the little fellows "Toughy". What is more than many army officers have, he possesses a sense of the popular feeling, an intuition of the great silent currents of public sentiment.

These were the qualities which were behind the war time Selective Draft Act. It was General Johnson who conceived the strategy by which this first really successful attempt at conscription enabled America to execute the greatest military operation in history. Even after war was



DR. M. L. WILSON

An originator of the Domestic Allotment Plan adopted by President Roosevelt's Administration. He will sell the plan to the man behind the plow.

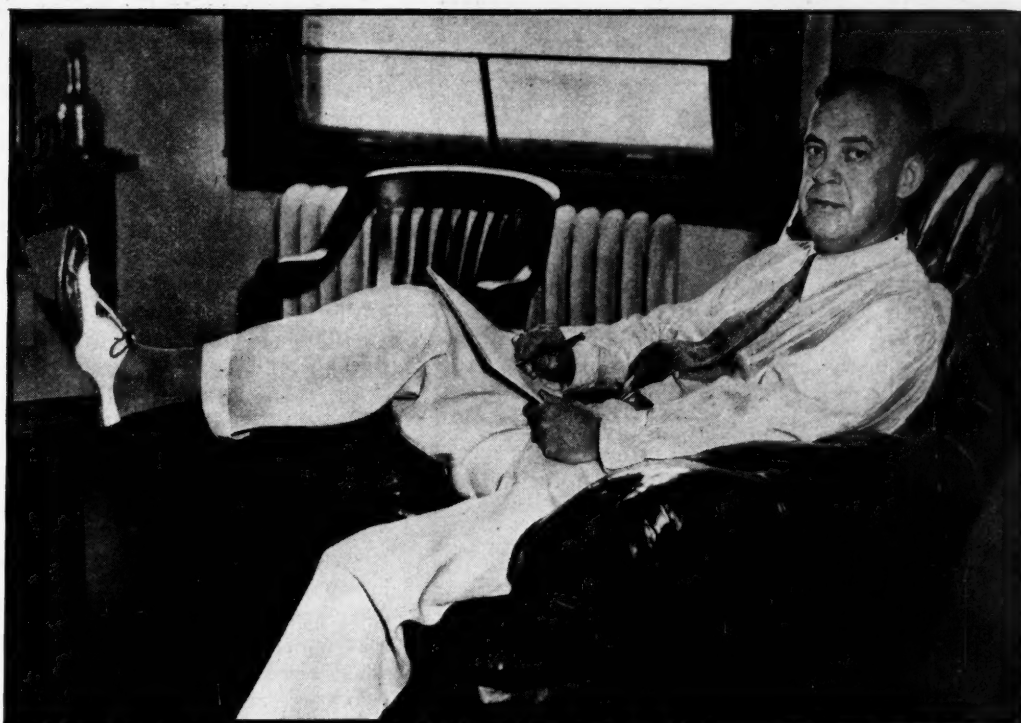
DONALD RICHBERG
(Below)

Long the legal adviser of railroad labor, now chief of the legal staff of the recovery administration.



THE RAILROAD BOSS

A favorite working pose of Joseph B. Eastman, railroad coordinator of the New Deal. In this manner he wrote most of the opinions which brought him fame as a member of the Interstate Commerce Commission.



declared, great sections of the country had not become reconciled to sending American youths across the Atlantic to fight in a European conflict. Voluntary enlistment quickly proved inadequate. American traditions were against conscription just as now they are against government control in industry. In war as in peace, every American considered it his God-given right to do as he jolly well pleased. General Johnson knew that conscription had been resisted twice before. He thought he knew the reason. Federal agents had gone out with bayonets and torn sons from their mothers' arms. There was resentment. General Johnson decided conscription would work if it was sold to the nation as a patriotic, democratic, fair way of raising an army. He mobilized publicity. He advertised the draft as a democratic institution adopted by vote of the direct representatives of the people. He staged patriotic parades. He organized spectacular drawings of numbers with Newton D. Baker, then Secretary of War, as the blindfolded drawer.

It worked, although there were instances where means other than persuasion had to be used. Likewise now he would bring industry into what he regards as a national patriotic disciplined action requiring common sacrifice for the common good. Likewise also there may be instances where means other than persuasion will be necessary. He is prepared to invoke them should these instances arise.

But this experience was not his only preparation for the great task he now has. General Johnson went on the War Industries Board as the representative of the army general staff. There he helped a remarkable group of men headed by Bernard M. Baruch regiment industry for the first time in American history. There he learned many tricks which are now useful to him in this attempt at peace time regimentation. After the war he became executive vice-chairman of the Moline Plow Company. Through a liquidation forced by the

farm slump, he learned something of the troubles of the hard-pressed business man, reorganized the business with a new company, and finally became associated with Mr. Baruch as an industrial and economic adviser.

This is the background which is brought to this key operating task by this ruddy-faced, energetic, strong-willed, hard-riding ex-soldier, who can take as much as he gives. Behind his action there is experience, judgment, thought, and a sense of proportion healthily seasoned with the salt of humor.

"We're just fumbling into this job", he said at the start. But he said it as an assertion of confidence, not an admission of weakness and uncertainty. Most of Washington believes that if the National Industrial Recovery Administration can be made to work, General Hugh Johnson can do it.

THERE WAS much the same sort of job to be done with agriculture. So President Roosevelt sought out much the same sort of man as General Johnson, when he brought in George N. Peek to be administrator of the Agricultural Adjustment Act. This well built, quiet, brown-eyed man, with a pleasant face, slow, reserved and deliberate, is a dissimilar twin of General Johnson. He is not gruff. His language is firm but not of the picturesque kind to make a small country boy pop-eyed. He has trained side by side with Johnson for fifteen years. Mr. Baruch brought them together in the War Industries Board. Mr. Peek's job was to rein in the greedy steel makers. One automobile manufacturer stamped into Mr. Peek's office demanding more steel than war time allocation had allowed him. He raged. He bullied. Mr. Peek fixed his quiet eyes on his belligerent visitor and said: "You sit down. I can talk that same language".

Long active previously in the implement business, Mr. Peek went back to private life after the war and be-



THE ADMINISTRATOR OF AGRICULTURAL ADJUSTMENT

It is the task of George N. Peek to persuade farmers, of cotton and wheat especially, to grow less in the hope of making more money in the end. He is a long-time champion of the farmer.

came deeply concerned over the sagging state of agriculture. The more he studied it, the more he became convinced that it was the key to much of the nation's difficulty. He is a man now with one single interest. He wants to correct one condition, a condition which he sets forth in two lines of significant figures: In 1914 wheat sold at Kansas City at 93 cents; bread was 6.1 cents a pound. In 1932 wheat was down to 42 cents and bread was up to 6.7 cents a pound.

Correction of that condition is the life mission of George Nelson Peek. He plays no bridge, sees no movies, indulges in no oratory. He hunts, fishes, golfs, walks, reads economics, and ponders the problem of the farmer. Sometimes he wakes up in the night with a new idea and jots it down on a bedside scratch pad.

Out of these slowly developed ideas came the McNary-Haugen bill! For years Mr. Peek tramped the halls of Congress patiently selling it. Two Republican presidents vetoed it. He left the Republican party after the ill-fated attempt to nominate its champion, Former-Governor Frank O. Lowden, in 1928. He supported Alfred E. Smith in the election that followed, and last year Franklin D. Roosevelt.

Then another plan for dealing with the farm surplus came into the picture largely through the agency of Prof. M. L. Wilson of Montana State Agricultural College. It was the domestic allotment plan. Perhaps the greatest proof of the sincerity of Mr. Peek lies in the fact that he dropped his own long-cherished plan, recognized what he considered to be the merits of the later plan, and worked as hard for it as he once had for his own brain-child. To him the end was more important than the means which were chosen. To those who have seen pride of authorship wreck worthy causes in Washington, who have seen a movement torn asunder by jealous rivals, this is one of the most refreshing episodes in the new attempt to bring order out of the wreckage of rugged individualism.

"I have found", Mr. Peek says as he clings to his aim like a dog to his bone, "that busted farmers don't make good customers. We could carry them on the books for two years, but if the third-year crop failed, we had to cross them off."

That leaf, taken out of his experience as an implement manufacturer, has been the basis for his decade-long campaign to interest the business man in the farmer as a customer. The fruit of this patient campaign ripened when the President of the United States Chamber of Commerce was converted to the domestic allotment plan and became one of its most zealous advocates.

Now Mr. Peek's job is to administer the Government's venture—described by Mr. Roosevelt as an experiment—into a far-reaching control of agriculture and marketing. It is a task that involves persuading cotton and wheat farmers especially to grow less in the hope of making more money in the end. It involves an elaborate financing operation with a processing tax on manufacturers of food products. Vastly complicated, affecting the most individualistic class of American citizens, it is a job that calls for a supreme amount of tact, patience, wise foresight, delicate balancing of a multitude of conflicting interests, and all of it affected in unpredictable ways by the moods of nature.

Not exactly what might be described as an "underdog man", Mr. Peek is a champion of the farmer whom he regards as the most unjustly treated of all social classes. General Johnson is fair, seeks to strike a balance in his sympathies, but is not to be pigeon-holed as the champion of any one group.

MORE SOCIAL-MINDED than either of these two top sergeants is Joseph B. Eastman, taken temporarily from the Interstate Commerce Commission to be the Federal Coördinator of Transportation. In this capacity he is one of the most important of the operators of the New Deal. His job is to begin the reorganization of the transportation system. He approaches it with the long-standing conviction gained in years of dealing with transportation matters that railroads should be government controlled if not government owned. He regards them not as private enterprises but as public conveniences and necessities. It is significant in understanding the long-range purposes of President Roosevelt that in choosing his operators, his top sergeants, he looks for men like Eastman.

Protégé of Associate Justice Louis D. Brandeis, Eastman was appointed by former President Wilson to the Interstate Commerce Commission as a Republican; Hoover reappointed him, after some hesitation, as a Democrat; and as a Liberal he voted for LaFollette in

1924. Like Johnson and Peek he is marked by a singleness of interest, utter absence of front, side, or high hat, extremely simple in his tastes, apt to be found with his head buried in serious reading off hours. A bachelor, owning no automobile, he lives in one-half of a double house, walks to work, eats at any place handy and usually goes back to his office at night. He avoids social functions, but when roped into a bridge game by some persistent hostess, he is invariably the joy of his partner because he can remember every card.

This unerring memory makes Mr. Eastman one of the most effective members of the Interstate Commerce Commission of which he has been a member for fourteen years. Without it he might be put down as a visionary by the practical railroad men who have nightmares after they have been under examination by him. He knows more about the railroads than they do. As the emergency trouble-shooter for the railroads, no practical operator will be able to take any advantage of him. For years the dissenting member of the commission, its own Justice Brandeis, he is now in an executive post where his ideas will have fuller sway. As a member of the Interstate Commerce Commission he forced railroads to place their equipment trusts with the highest bidder instead of throwing them to favored bankers. He believes in the "prudent investment" theory of valuation. He believes the government should take responsibility for railroad management and end the divided authority. Public ownership does not frighten him. Yet he is regarded by all who appear before him as honest, impartial, moved only by the facts. And he always masters his facts. Surrounded by a flood of figures, reports, arguments, briefs, Mr. Eastman working in his office late at night, digs out his own data. He takes no predigested conclusions from the expert examiners. When, in his new job, he makes a decision, it may be taken for granted that he has examined every shred of evidence, and weighed it in the light of the most extensive background of expert railroad knowledge which has been assembled inside of one skull in this generation.

Such is the man to whose judgment President Roosevelt has trusted the fate of some \$26,000,000,000 in railroad property, the backbone of securities investment of banks and life insurance companies, the basic artery of the nation's commerce, the sick giant of a continent. He is a hard-boiled physician. But one who knows his patient.

LIKE EASTMAN, the new governor of the Farm Credit Administration, as a young man, did social service work in settlement houses. Henry Morgenthau, Jr., son of a wealthy family, sought a useful career. He bought a farm in Dutchess County, New York, not so far from Mr. Roosevelt's place. He bought the *American Agriculturalist*, a New York State farm journal. From these direct interests in farming, he gained an insight into farm management problems. As Governor of New York, Mr. Roosevelt called upon him to head the state farm advisory commission. With this background he was brought to Washington to operate the vast consolidation of all farm credit agencies. It is a job which requires a combination of administrative and business ability and an intimate knowledge of agricultural operations and the farmer's financial problems. Here again, Mr. Roosevelt has brought to a specific task, a man marked by a disinterested desire



THE DIRECTOR OF THE BUDGET ON HIS WAY TO WORK
Lewis W. Douglas, whose job is paring government expenditures, appropriately rides a bicycle though the object is to keep in good physical trim for his exacting work.

to render a public service, and equipped with the knowledge to deal with the job in hand.

It is much the same throughout the picture. Dr. M. L. Wilson, author of the domestic allotment plan, is a practical farmer as well as a college professor. His job at Montana State College is head of the department of agricultural economics. His only hobby is his collection of books about Lincoln. He speaks the farmer's language and for that reason he was summoned to help sell the new farm adjustment plan to the man behind the plow. The Administration counts much upon the success of that plan.

These men are typical of the top sergeants whom President Roosevelt has gathered around him. For all of their individual differences, the sharp clear-cut personality of each, they have a common viewpoint, a hard-nosed energy and singleness of purpose, and a singular lack of grandiose political aspirations. Probably not one has ever been a political candidate. Chronicles of many administrations would have to be scanned to find a group in which each one was so earnestly, so realistically, bent upon bringing his own sector into the coordinated advance for recovery.

THE INDEX OF GENERAL BUSINESS FOR JUNE

TRYING OUT HIS BOOTSTRAPS

By Bishop, in the
St. Louis
Star and Times



A BAROMETER of American business is presented on the opposite page, prepared for this magazine by *The Econostat*. It shows a rise of 6.2 points from 57.3 to 63.5. The normal, 100, is based upon the period 1919-1931. Each particular field has a separate index which is adjusted for normal seasonal peculiarities, for price changes and for long time growth. Consequently the base of the general index is a reasonably estimated average for a period that includes one complete business cycle and the greater part of another.

One may wonder why we present our readers with June figures in an August number. Let us hasten to explain that accurate figures for a given month are not available until several weeks after the month is over. This really means that this information reaches our readers about two weeks after the material is available and is not two months old as a casual glance might indicate. We believe that this accurate analysis of the rapid upward trend we are experiencing should be of practical, as well as theoretical, interest to every business man.

The improvement which has taken place during the past month represents a rise of approximately 11 per cent. in general business activity. With two important vital exceptions, construction and retail sales, the entire field has participated in the advance. Notable improvement has been realized by the steel industry which bids fair to show an average operating rate of 60 per cent. for the month of July. Unfilled orders of the United States Steel Corporation at the end of June, showed an increase of more than 176,000 tons. Although there has been an abatement of the flood of new orders, enough business is on hand to keep the steel plants busy at their present level of operations throughout the rest of the month and the greater part of August. However, steel has subsisted so far almost entirely on

miscellaneous and automobile orders. The three great consumers of steel are automobiles, construction, and railroads. Construction is still at a very low level and moving forward only sluggishly. Although freight traffic has picked up considerably and the net income of the Class I railroads for May has shown an improvement of 246 per cent. over the same month of the previous year, the carriers have studiously avoided making any purchases. Until these two great buyers of steel step in, the position and future of the industry are not assured.

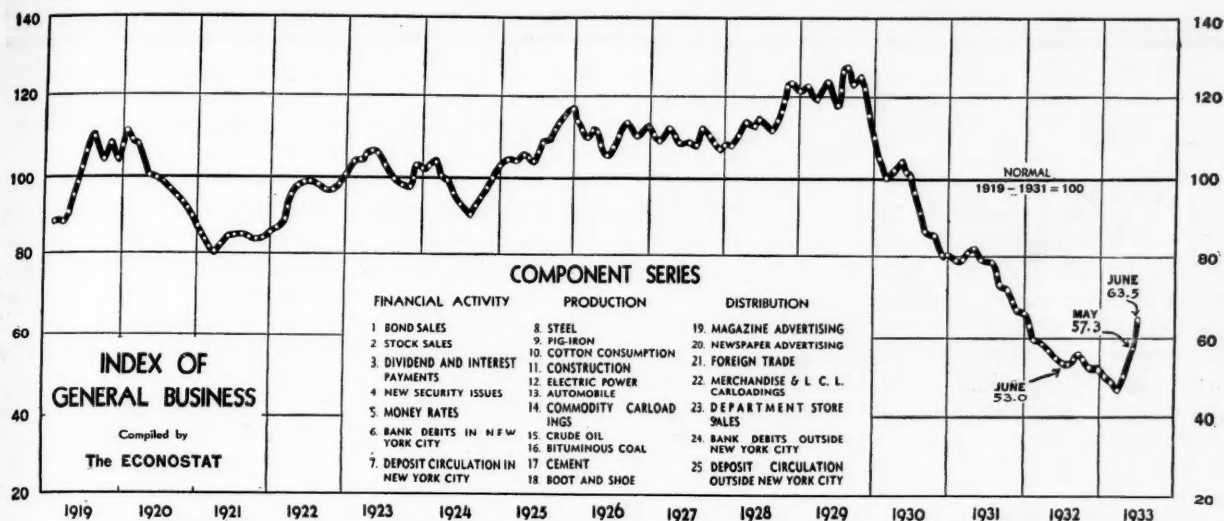
It seemed for a time as though automobile producers would have to omit the usual summer pause in production. Ordinarily automobile output starts to decline in June and falls off very rapidly during the month of July. During the present season output continued upward and reached its highest point the last week in June. There are some signs of a slackening in demand, for sales have declined during two of the last three weeks and the production and sales of high-priced cars have dropped very definitely.

On the other hand electric power production, freight carloadings, and bituminous coal continue to register weekly highs for the year and suggest the possibility that no pause for the summer is due. Freight traffic, particularly, is now at a point corresponding to the high point reached in the fall of 1932. With the crop movement starting under way the line of freight traffic may prove to be a steady upward slope for the entire year.

But on the two fronts mentioned the business picture is at present unsatisfactory. Distribution, as indicated by magazine advertising and particularly by department store sales, has been disappointing and has not kept pace with general business progress. Reports of department store sales in more than 200 cities received by the Federal Reserve Board indicate that volume for June on a dollar basis was 4 per cent. below the same month in 1932. Inasmuch as there has been some rise in retail prices, this shows a substantial gap between the two years. It is the failure to buy, on the part of the consumer at the end of the line, that has disturbed the Administration and forced it to take a strong-arm attitude toward business leaders in the matter of wages. Rightly or wrongly the Administration feels that business recovery can not be wholesome unless it includes a material increase in the buying power of the masses. So far the rise in business activity has been largely accounted for by the re-establishment of normal inventories. Unless consumption is revived this recent activity of our industrial plants can not be maintained.

In the other field, construction, the Government is taking equally vigorous action. Instead of a monthly expenditure of \$200-million as originally contemplated, Uncle Sam proposes to lay out almost \$500-million a month in new projects. This would account for the total of \$3,300,000,000 appropriated by Congress in seven months and should prove a potent stimulus not only to the construction industry but to the many affiliated fields.

SHOWS THE RAPIDITY OF THE UPWARD SWING



INDEX OF GENERAL BUSINESS		UP	Newspaper Advertising		Index	Domestic Cotton Consumption		Index UP
June, 1933.....	63.5		June, 1933.....	not available		June, 1933.....	148	(run'g sales)
May, 1933.....	57.3*		May, 1933.....	62,184,000		May, 1933.....	123*	690,000
June, 1932.....	53.0		June, 1932.....	67,021,000		June, 1932.....	69	620,909
INDEX OF FINANCIAL ACTIVITY			Foreign Trade		Index	Total Construction Contracts		Index UP
June, 1933.....	58.0		June, 1933.....	not available		June, 1933.....	28	\$103,255,000
May, 1933.....	56.7		May, 1933.....	\$218,800,000	48	May, 1933.....	26	243,000,000
June, 1932.....	44.1		June, 1932.....	236,000,000	55	June, 1932.....	34	113,000,000
Bond Sales—N. Y. Stock Exch.		Index UP	Merchandise Carloadings		Index UP	Electric Power Production		Index UP
June, 1933.....	137	\$411,900,000	June, 1933.....	67	(weekly av'g.)	June, 1933.....	76	kwh. hrs. (aver. daily)
May, 1933.....	135	374,200,000	May, 1933.....	63	383,000	May, 1933.....	71	243,000,000
June, 1932.....	86	258,400,000	June, 1932.....	63	366,000	June, 1932.....	73	228,000,000
Stock Sales—N. Y. Stock Exch.		Index UP	Department Store Sales		Index DOWN	U. S. Automobile Production		Index UP
June, 1933.....	128	\$125,627,000	June, 1933.....	78	(Fed. Res. Ind.)	June, 1933.....	65	(cars & trucks)
May, 1933.....	104	104,210,000	May, 1933.....	79	67	May, 1933.....	51	250,000
June, 1932.....	23	23,100,000	June, 1932.....	79	68	June, 1932.....	48	230,000
Corp. Div. and Int. Payments		Index UP	Bank Debits Outside N. Y. City		Index UP	Commodity Carloadings		Index UP
June, 1933.....	97	\$571,520,000	June, 1933.....	56	\$12,968,000,000	June, 1933.....	53	(aver. weekly)
May, 1933.....	88	428,449,000	May, 1933.....	56	11,508,000,000	May, 1933.....	49	183,000
June, 1932.....	116	685,000,000	June, 1932.....	64	12,901,000,000	June, 1932.....	39	166,000
New Corporate Security Issues		Index UP	Rate of Circulation of Bank Deposits Outside N. Y. City		Index	Crude Oil Production		Index DOWN
June, 1933.....	2	\$12,081,000	June, 1933.....	79	1.46	June, 1933.....	103	(barrels)
May, 1933.....	5	3,580,000	May, 1933.....	73	1.32	May, 1933.....	105	78,660,000
June, 1932.....	4.8	29,000,000	June, 1932.....	61	1.12	June, 1932.....	84	82,870,000
Money Rates in New York City		Index NO CHANGE	INDEX OF PRODUCTION		UP	Bituminous Coal Production		Index UP
June, 1933.....	25	1.17%	June, 1933.....	62.3		June, 1933.....	69	(tons)
May, 1933.....	25	1.15%	May, 1933.....	52.9		May, 1933.....	65	24,920,000
June, 1932.....	42	1.95%	June, 1932.....	48.7		June, 1932.....	49	23,330,000
Bank Debits in N. Y. City		Index UP	Steel Ingot Production		Index UP	Portland Cement Production		Index
June, 1933.....	61	\$16,743,000,000	June, 1933.....	62	(capacity)	June, 1933.....	34	(capacity)
May, 1933.....	53	13,977,000,000	May, 1933.....	44	45.96%	May, 1933.....	34	not available
June, 1932.....	53	14,202,000,000	June, 1932.....	22	34.11%	June, 1932.....	42	27.4%
Rate of Circulation of Bank Deposits in New York City		Index UP	Pig Iron Production		Index UP	Boot and Shoe Production		Index
June, 1933.....	50	2.55	June, 1933.....	47	(aver. daily tons)	June, 1933.....	—	(pairs)
May, 1933.....	44	2.24	May, 1933.....	31	42,166	May, 1933.....	—	not available
June, 1932.....	55	2.83	June, 1932.....	24	28,621	June, 1932.....	83	23,562,000
INDEX OF DISTRIBUTION		Index UP						
June, 1933.....	69.4							
May, 1933.....	66.2*							
June, 1932.....	65.0							
Magazine Advertising		Index DOWN						
June, 1933.....	47*	(agate lines)						
May, 1933.....	48*	1,746,000						
June, 1932.....	58	1,921,000						
		1,523,000						

*Revised

Putting the Recovery Act Into Practice

By ROBERTS EVERETT

WHEN PRESIDENT ROOSEVELT took his vacation cruise the middle of June he left behind a hopeful, apprehensive, and mightily scurrying world of trade associations, trade association officials, governmental agencies and officials, and individual business men. The signing of the National Industrial Recovery Act immediately proved itself to have been a presidential "button-pressing", dramatic and resultful so far as business was concerned, both in its countless human elements and in its several thousand organized trade bodies.

No act of Congress, not excepting the more significant fiscal acts of the past two decades, has been so widely and studiously read by business men immediately after its passage as has the industrial control division of this remarkable legislation. And in most instances, some kind of action followed quickly after the reading.

In Washington, there had been action even before the signing of the bill. General Hugh S. Johnson, upon tentative advance commission from the President, had begun to assemble the nucleus of an administrative force before the bill had passed the congressional hurdles. Thereafter there occurred behind the scene the inevitable period of confusing inter-play of industrial, political, labor, and routine administrative influences, from which there emerged an experimental method and a rather definite policy. In the remarkably brief period before the end of June the new organization stood revealed as a going concern if considered in terms of personnel and first procedure.

President, cabinet chiefs, unofficial advisers of the Administration, trusted spokesmen of large fields of industry and labor, other men of fewer years but of keen, specialized, and enthusiastic seasoning, all played—and are playing—their parts in this determined creation of a new agency and a new orientation in national business control and coördination. The administrative organization and its method continue to develop day by day. It is a tribute to American effectiveness that so much clear cut, impartial, aggressive yet well tempered, action could have come forth so rapidly.

To the watching country the undeniable reality of the Act's administration became impressively apparent when, on the sultry morning of June 27, in the auditorium of the new Department of Commerce Building in Washington, General Johnson called to order the public hearing on the first industrial code of fair competition to be presented—that of the cotton textile field. Flanked by three advisory committees chosen from among men and women of national standing, representing industry, labor, and consumers, he summoned proponents and opponents of the code, in an effort toward national economic rehabilitation, to sit at a "partnership table" with his deputies and himself. Beside him sat the chief of legal staff of the recovery ad-

ministration, Donald R. Richberg. On a floor above in a score or more of rapidly equipped offices were—and are—the quarters of busy research, statistical, legal, and administrative aides. Industry at last, for good or ill, had entered a practical rule-of-reason chamber of adjustment wherein it might prove its own ability to rectify a situation grown desperately unbalanced.

It entered with governmental sympathy but subject in the long run to governmental rule. Today, the man at the head of that table, General Johnson, looms potentially as a national figure as familiar as our war emergency leaders of fifteen years ago.

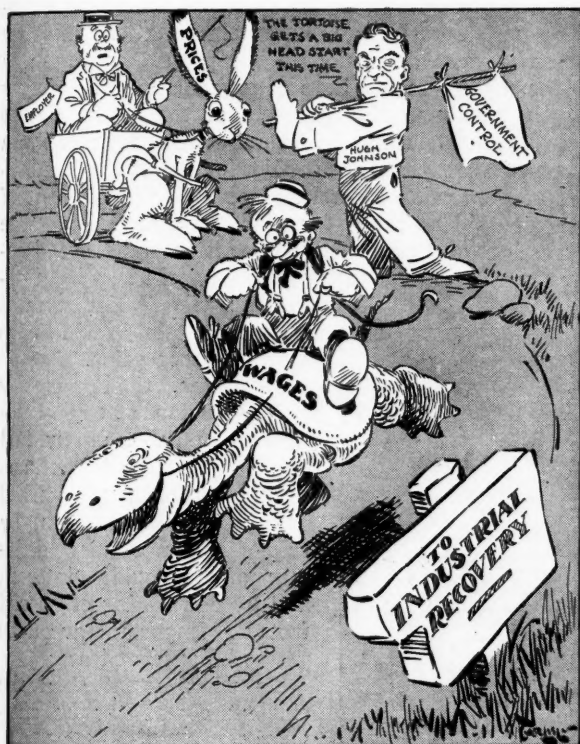
Trade associations had been no less active than the Government. About them naturally in the past three years has centered much of the varied efforts of business itself to halt and counter-balance the depression. A majority of sound trade associations had hopefully followed the course of the recovery bill though Congress, and hailed its passage. Their immediate activity thereafter was multiform, resulting in convening of countless meetings of executive staffs, elective officers, directors, committees, special committees, regional chairmen, and whole association memberships.



By Darling, in the Des Moines Register

IT ALL DEPENDS ON HOW WELL WE'VE LEARNED OUR SUNDAY SCHOOL LESSONS

The situation among them was more acutely confusing in the first few days and weeks than was the governmental position. Detailed objectives could not be meticulously fixed in advance even though those concerned most centrally in the capitol scene had sponsored and devised the legislation. Most trade associations knew as keenly and as ultimately as did Washington of the necessities of new attacks upon the national business problem. They knew fairly definitely the purport and the direction of the new dispensation. But they could not know—nor will they with reliable clarity know for some further weeks or months—precisely how the gearing of their efforts with the Act's effectuation is to come about. It was inevitable that they could not instantly be certain of the whole scope of the legisla-



By Carlisle, in the Des Moines Register
GIVING THE TORTOISE A BREAK

tion's application to the intricate and varying factors of the operation of the industries.

Since the passage of the Act trade association procedures have come to involve primarily organization, the preparation of somewhat limited labor codes and competitive-practice codes, and the assaying of the necessities for prompt and broader factual surveys and analyses of the various manufacturing and distributive fields.

The Administration favors the establishment or the strengthening of bodies that by single, coöperative, or federated action, may be representative of broad sections of industry. Among associations, however, it has not yet become apparent that effective codification of business practice and control of competition can in every instance be organized and administered upon lines so broad. Can the manufacture and distribution of primary machine tools be governed, approximately, for example, by the same regulations that are appropriate to the fabricator of mechanical equipment for the laundry



By Darling, in the New York Herald Tribune ©
THERE'S LOTS OF MISSIONARY WORK YET TO BE DONE

field? In production methods there is much similarity. The same classifications of labor, roughly, are employed. The same metallurgical industries' materials are largely utilized. The merchandising processes for both groups of products are to some extent akin. Yet together with these similarities there exists a miscellany of divergencies in all the phases from the purchasing of raw materials to the sale and delivery of finished items. This makes for much uncertainty. Only sincere and liberal-spirited experimentation can give the answer to these problems. Such experimentation is already embryonically under way in a hundred instances.

All business, due to its intense interest in the Act, is avidly following administrative developments from day to day. In the shifting sociological and economic significances lie, in many respects, the most dramatic elements of the current situation.

MANY DILEMMAS, much of the drama, derive from the opposing instincts of capital and labor. That the ultimate outcome of the legislation will be favorable to labor must be obvious to all. Certain advantages are destined to come to labor, not because labor is labor, contra-distinct from capital, but because it forms the primary consumer market. The full potentialities of the Act, if realized, will bring about a broader distribution of the profits of all economic activity. In this fundamental sense it has already evidenced itself as labor's act.

Organized labor is fully aware of this. It is, naturally enough, moving as decisively as it can to accomplish its organized objectives. It has done nothing so far in this effort, speaking broadly, that stands out indefensibly upon either humane or statistical grounds.

Capital, equally conscious of the impending change, remembers only too well the recent successes of or-

ganized labor in seizing opportunities to intrench itself, particularly in the railroad and construction industries. In general, within the last decade, capital has proved itself a sincere supporter of high wage levels as productive of prosperity. It sees today a national liability in the sweat shop. Yet capital suffered such losses within the last four years, and so real is its apprehension of possible inequitable advances by organized labor under the new Act, that it has hesitated to enter quickly into partnership agreements with the Government.

In agreements of this kind the elements of minimum wage and maximum hours are fundamental. Such agreements are not easily revocable and, as this is written, not less than 100 limited codes of competition, tentatively developed, are being withheld, from final draftings for submission to Washington, until the Administration's attitude upon these vital considerations of minimum wage and maximum hours has been made clear. *What minima in wages, what maxima in hours,* are to be set in other industries? They wait to learn.

Capital generally concedes that the Administration's insistence that profit increases shall follow wage increases, rather than accompany them, is nationally wholesome and imperative. Yet from capital's viewpoint it is impossible to sustain for long a wage increase without a price increase. New orders, larger income, are an immediate necessity in many a business, in many a whole industry, to balance increased payrolls—a dilemma neither academic nor reducible.

Not all industry in its capital element has shown itself disposed to allow this lag between wage increase and price increase that has been the Administration's emphasized request. In certain instances, probably known, but not unofficially sanctioned in Washington, groups of competitors have arrived at rough agreements for substantial price advances. Such advances cover wage increases as not yet instituted and also wage increases indefinitely proposed. Such agreements have been fought by contrary inner counsel no less emphatic than the Administration's broadcast advice. Such devices are presumably within the present laws as these are apt to be enforced in this particular period. Such movements, should they definitely develop, might prove grave boomerangs.

The great complexity of the task and the vast responsibility for the nation's welfare, that rest upon the Act's administration, are apparent.

The National Industrial Recovery Act has been in force some six weeks. The compulsions of the great depression that have led to it have existed for something more than three years. For some 275 years the economic exploitation of a continent has developed an

instinct for individual initiative in American business. The American business man, characteristically, is not apt within the two year term of the emergency legislation to relinquish any more of his competitive independence than the stringent necessities of a national crisis require. He will not passively submit to an indefinitely static economic form. He has so far made it clear that he recognizes a need. He is in general sincere in a quest for those benefits which a degree of abandonment of sheer competitive freedom can bring to him. He will welcome the substantial fruits but it is logical to assume that he will not taste all of them with complete enthusiasm.

When the six weeks' record has been extended to a six months' record, the new experiment may reasonably be expected to include the answers to many present problems. A universal minimum wage and maximum work-week basis for the less skilled classifications of labor will have been determined. The present confusion as to the most practical lines of organization of industry for the administrative purposes of the Act will have been largely reduced. In several of the larger and in a representative few of the smaller industries the feasibilities of production control and perhaps of allotment of business will be ready for practical exploration. The beginnings of a controlled competition and a broad coordination within industry generally will be within optimistic view. Employment almost certainly will have shown further gains.

Meantime, the perplexity of Washington, of trade associations, and of the individual business man will continue, as other problems are worked out by experimentation, by rule-of-reason, by new definitions of the public interest, and by a weighing of special factors. Important questions yet to be answered are:

To what extent shall the efficient competitor be sheltered?

Shall government determine fair rates of profit?

Shall there be a levelling out of natural advantages as distinct from the advantages deriving from efficiency, between competitors in different localities?

Shall minimum price fixing in certain instances be allowed?

Who shall police and how?

To make sure that the program for industrial recovery will be coördinated with the plans being worked out for agriculture, public works, railroads, home loans, etc., the President has created a supreme council which will meet once a week. Members of the Cabinet, together with the administrators of all the recovery activities, will endeavor to iron out the troublesome problems which arise in each. Frank C. Walker is acting as secretary and coördinator for the council.

No society could ever have witnessed a more momentous experiment than is now in the making!



By Darling, in the New York Herald Tribune ©

WILL WE EVER KNOW WHO'S THE REAL FATHER?



The Enigma of Foreign Exchange

By JOSEPH STAGG LAWRENCE

Editor, The Econostat

HOMER VANDERPELT had just received his sheepskin. He had always worn the right clothes in college, had made a good club, traveled with the crowd and to top it all had graduated with a second group. When the commencement orator pumped the bright young boys full of the usual incandescent persiflage about the crying need for leaders and that the aforesaid scintillating youths appeared to be the answer to the world's prayer, Homer suppressed a yawn. The man was merely stating what Homer already knew. The world was his oyster, his *propre* heritage, waiting to be garnered. The mood was still upon him when he called on the President of the First Commercial Bank to usher in a brilliant new epoch in that institution's history. "Do you know anything about foreign exchange?" asked the seamy visaged executive. "Yes sir, I understand it thoroughly", replied the clear-eyed youth. "Congratulations, my boy", beamed the banker with a slightly sardonic grin. "You are the first man I have ever met who does."

As the headlines churn and mention equalization funds, stabilization, natural ratios, external versus internal price levels, and central bank accords, the reader's head reels. When he forces his mind over the fine print of the newspaper discussion and discovers that the dollar has *dropped* from 4.25 to 4.30, that gold is at a premium in London but the badge of deepest villainy in the United States, that England is waiting to see if the rise in the domestic price level of the United States will offset the advantage of depreciating exchange, he capitulates to the twin gargoyles of foreign exchange literature, abstraction and complexity.

For this reason a bit of strained simplicity is in order. First of all, what is foreign exchange? This may be defined as the mechanism whereby one currency is translated into another. It is occasioned by the necessity for converting purchasing power in one country into purchasing power in another. A bank account of a thousand dollars in New York will not buy a seidel of beer in Berlin unless it is first converted into marks. This phase of the difficulty could be passed over technically by advising the owner of the American bank account to go to his bank and exchange the thousand dollars for four thousand marks, but it would be dodging the heart of the problem. How does the bank get the four thousand marks? The bank, let us assume, that day had a call from a cotton exporter who had just sold a German cotton jobber in Bremen twenty-five bales of cotton and had been paid with a bill of exchange (just a check to us) on a Berlin bank. Now we have a cotton exporter in New York with four thousand marks in Berlin who wishes to buy a new car in this country, and an American with one thousand

dollars in a New York bank who would like to make a purchase in Berlin. Obviously these two chaps should be brought together and that is precisely where the American bank steps into the picture. The man with the four thousand marks in Berlin sells them to the New York bank and receives a thousand dollars, less the commission of the bank. The man who wants the marks pays the bank a thousand dollars and draws against the mark balance which he has in Berlin.

Our New York banks are always prepared to buy and sell foreign currencies. They are a clearing house for those with marks who wish dollars and others with dollars who wish marks. What determines the supply and demand for marks? The supply comes from the following sources: In general, whenever anything is sold to a German it results in a supply of marks. On the other hand, whenever anything is bought from a German it creates a demand for marks. The sales may be of tangible objects such as cotton, or intangible services such as insurance. A German broker may wish to buy a hundred shares of U. S. Steel. An American speculator may wish to sell a hundred shares of I. G., the German competitor of Allied Chemical. Both transactions create marks. The German Government makes an interest payment on the Young Loan (the price for the use of American capital); a Berlin movie chain pays the royalties on a group of American films. All these goods and services produce a stream of marks which are sold to importers of German toys, to German immigrants working in this country and making remittances home, to American tourists buying German hotel accommodations, transportation, etc. These factors produce the grist of the exchange mill.

SUPPOSE now that the supply of marks should exceed the demand, what can American banks do with their surplus? That is where the lamented gold standard came to the aid of the banker. The dollar was equal at all times to 23.22 grains of pure gold and the mark to 5.53 grains. Translated into cents this meant that the gold par of the mark was 23.82. If the supply of marks increased to the point where the price in cents had to be reduced, the fact that the mark balance in German banks could always be translated into gold, and the gold shipped to this country, established a limit below which the mark could not drop. That was a great comfort to the banker whose risks were correspondingly limited.

For example: If the mark should suddenly drop, while the gold standard was still in operation, to 23.40 cents, the American banker, instead of selling his marks at that price, would convert them into gold bars. These he would ship to America and sell to the mint

thus receiving American money at the rate of 23.82 cents for each mark less the cost of bringing the gold over which would never amount to the difference between 23.82 cents and 23.40 cents. The point at which it paid the banker to import the gold instead of selling the mark was known as the gold import point. And the position on the other side of par, where it paid him to export gold rather than buy marks, was the gold export point. Within this narrow range, rarely exceeding one-half of one per cent of par, the exchange rate fluctuated. But things have changed.

Today conditions are pathetic and the life of the foreign exchange dealer is fraught with unpredictable hazards. On June 29, for example, sterling fluctuated through a range of approximately 4 per cent all in a single day and closed about 3 per cent below the last figure of the previous day. The serious part of this situation as far as the banks are concerned is that it makes them speculators instead of dealers. When a bank buys sterling it assumes that a buyer or buyers will appear willing to pay approximately the same price. If it buys more sterling than it sells, it becomes "long" in sterling with no way of liquidating its position except by offering the sterling for less than was paid. On the other hand, if it sells too much and becomes "short", it cannot correct this position by sending gold to England, but must go into the market and bid up sterling until its purchases and sales again balance. In order to protect themselves the banks are forced to increase the spread between the price at which they buy sterling and the price at which they sell it. This amounts to an insurance premium for protection against the volatile vagaries of the exchange rate and is in the end a tax upon all international business.

MANY questions occur to the layman at this point. In the absence of a gold par, to which the exchange rates can be anchored, what does determine the ratios between the various currencies and what causes the extreme fluctuations to which we have already alluded? Could the parrot which earned its Ph.D. in economics by learning to say "supply and demand" provide the answer? Is a rise in the value of the dollar on the exchanges the true symptom of an increase in the demand? Economic theory offers three answers to the question of a true or natural ratio between various currencies in the absence of gold.

The first of these, developed by Ricardo and more recently elaborated by the Swedish economist Gustav Cassel, held that the final determinant of exchange ratios was the relative purchasing power of the monetary units. If, for example, the dollar buys a bushel of wheat in this country, assuming wheat can be taken as a fair representative of the dollar's buying power, and the pound buys four bushels of wheat, then the natural ratio between the currencies should be as one is to four. This is the purchasing power parity theory.

The orthodox explanation of varying exchange rates is to be found in the balance of trade theory. This holds that an excess of sales by the United States to Britain over purchases from that country would result in a supply of sterling which could not be absorbed by the demand. Consequently, the price in terms of dollars, or the exchange rate for sterling, would decline.

The third answer is provided by a German, Georg Friederich Knapp, who claimed that the value of

money was determined entirely by the state. Exchange rates are merely a matter of authoritative declaration and coöperation between the central banks of the leading commercial nations. Professor Knapp was the philosophical father of the equalization fund. He maintained that the state needed merely to establish such a fund and it was in a position to buy and sell foreign currencies against its own at any determined rate. Whatever may be said for either of the first two more rational bases for exchange rates, the fact remains that the rate today rests largely in the more or less arbitrary authority of central banks. The procedure is somewhat as follows: Assume that the Federal Reserve Bank of New York has decided that 4.5 is a reasonable ratio between the pound and the dollar. By "reasonable" the bank probably has in mind the relative purchasing power of the two currencies as well as the ease of maintaining the ratio. The next step is the creation of a fund in sterling in London and in dollars in the United States.

To any client with sterling who wishes dollars, or with dollars wishing sterling, the Federal Reserve Bank now offers a fixed equivalent at the rate of \$4.50 for one pound sterling. In other words it is a special case of price fixing. Instead of wheat or cotton it happens to be money. It is necessary to add that this is a risky business unless the central bank has the full coöperation of the state and even then it may at times involve serious losses.

Here is the Bank of England which tried to keep the pound cheap by buying (so it is alleged) dollars with sterling at the rate of four to one. The sterling was provided by special parliamentary appropriation. How much sterling was offered for dollars at this rate is not known, but assume that it was £25,000,000. This would have resulted in a dollar balance in New York of \$100,000,000. At \$4.70, the current rate of exchange, this shows a loss of £3,723,000 to the equalization fund. If a number of central banks such as the Bank of France, the Bank of England, and the Federal Reserve Bank of New York were to agree on some ratio among the three currencies and coöperate to maintain it, the prospect of stabilization without loss would be much better. Nevertheless, even here it would be necessary for the banks to keep speculative movements and large scale capital migrations under strict control to prevent them from being overwhelmed as was the Bank of England in September, 1931. Furthermore, if any of these central banks, such as the Federal Reserve Bank, should fall out of line with the domestic price policy of the Government, it would spell ruin. Uncle Sam can go short on dollars without limit for the simple reason that he can manufacture just as many of them as may please the will of Congress.

The flurry at the London Economic Conference during the first week of July, which seemed to call for last rites, had the merit of defining more clearly the attitude of the Government toward the perplexing problem of stabilization and exchange rates. President Roosevelt feels that this is no time to fix the value of the dollar in relation to other currencies since the value of the dollar at home has not yet been reduced to the point where just relations between debtors and creditors will again be established. Prices and wages must first be fixed at levels which will assure fair profits and decent standards of living for the American workingman.

How would you settle the British War Debt? Most of us would say: JOHN BULL—PLEASE REMIT! But the British citizen has his own point of view. Here a noted Englishman, who understands both sides of the question, offers a compromise plan.

How I Would Pay Britain's Debt

By SIR HARRY GLOSTER ARMSTRONG, K. B. E.

Until recently H. B. M. Consul General at New York

WHILE we all hope that the London Conference of sixty-six nations will result in some comprehensive scheme to restore the prosperity of the world, there are grave doubts as to just what may prove to be possible under existing conditions and conditions and conflicting interests.

To the man in the street it would appear that the ground for the conference has not been adequately prepared. This applies particularly to the relations between Great Britain and the self governing Dominions, as well as between England and the United States.

The Ottawa Conference of last year has not proved the boon or success that was anticipated. The reason, in my opinion, is that no monetary understanding was reached; no exchange was agreed upon among the various parts of the Empire. Even at that time the absurdity of certain preference tariffs was very clear with the Australian pound at 30 per cent discount, the New Zealand pound 20 to 25 per cent, South Africa still on the gold standard, and Canada struggling to remain on a parity of exchange with the United States. Presumably, the recognition of the various Dominions in 1926 prevents the Mother Country from exercising any authority over these things. It is to be regretted that, in granting practically absolute self government to the Dominions, the Government of Great Britain did not reserve authority to act in certain events where world wide Empire trade was concerned.

Between the United States and Great Britain it was fundamentally of the utmost importance that some understanding should have been reached as regards the monetary situation and parity of exchange in trading. If this had been done prior to June 12, it would have given the conference a splendid lead.

There is no question in my mind that an agreement should have been made on the debt between the United States and Great Britain. On the settlement of that vital problem hangs the possibility of adjusting armaments, tariff policy, and fixing a suitable rate of exchange. Settlement also would remove all likelihood of friction that may arise between these two nations if the debt continues to run its course for the next fifty years.

In this settlement there could be no consideration of cancellation. The argument that advances made to Great Britain by the United States were in goods and supplies at high prices does not hold water. At the time these loans were made it was material, goods, and

supplies that were required, and it would have been futile for the United States to have shipped gold representing the loan to London. That gold would have been returned immediately to pay for essential supplies.

The opportune moment for considering the debt came when Prime Minister MacDonald was in Washington. At that time President Roosevelt had the whole of the United States, including the Senate and House of Representatives, behind him in trying to straighten out the situation he found upon assuming office. As far as one can judge from the comments of the press during March last, the American public anticipated and was prepared for some proposal to be made by Great Britain. At the same time the British people seemed to labor under the impression that the proposal for the adjustment of the debt should come from the President of the United States. Of course any such action was quite impossible and would have been misunderstood by the Americans.

When does a creditor, even if he knows the difficulties of his debtor and is sympathetic towards them, approach him? The invariable procedure is for the creditor to wait for the debtor to come to him, explain his position and submit a proposal as regards how far he can discharge his liability. The creditor then weighs the pros and cons of the debtor's case, the terms of his proposal and his resources, with sympathetic consideration of his business relations in the years gone by and the possibilities of business in the future.

It was the duty of Great Britain to have made a definite proposal for the settlement of the debt by a single payment. This lump sum could have been offered in a form that would serve as the basis of a currency issue with which to retire United States Government bonds, and thus provide the currency that seems to be needed for the United States Government's inflation program. If the payment was made in gold—say a billion dollars—it would be used as the basis for two and a half times the amount in paper money and so retire the equivalent amount of American bonds. This would also effect a saving in interest. We in Great Britain could have found the necessary amount of gold to pay the lump sum by issuing against it a United Kingdom bond at about $3\frac{1}{2}$ per cent to run some twenty-five or thirty years. The fact that British securities issued on such a basis are now at a premium gives reason to believe that the new issue would have been readily absorbed on both sides of the Atlantic.

This is the sort of arrangement that should have been made last March. It would have been received, I believe, with the most friendly feeling by the President of the United States, and would have obtained through his influence the support of Congress and the country. Since then the situation has changed and many Senators and Congressmen are getting restless. Nevertheless, the opportunity for an agreement still exists, and is absolutely necessary if there is to be trade recovery. The appointment of an English commission on debts is expected toward the end of August. Let me see if I can outline something of what America expects or will require of that commission. I believe that America will ask:

A postponement for two or three years of the payment of the instalment of interest and principal—but no reduction.

A restoration of the gold standard.

A drastic limitation of expenditure on armaments.

Some form of tariff preference.

As opposed to the above, my idea of what England will actually propose follows:

A drastic reduction of the debts.

A promise to consider restoring the pound sterling to a gold parity as soon as economic conditions will allow and the debt question is out of the way.

A promise to do her best to limit expenditure on armaments provided other countries also agree.

To discuss tariffs but always conditional to observing existing treaties with the Dominions.

In any settlement the Lausanne Treaty to be left intact.

If I am correct in my estimates, the two points of view are miles apart. If adhered to, every chance of settlement, and all the hopes based on a settlement, will be destroyed. As a consequence the Lausanne Treaty will be non-effective. Such a course is unthinkable.

Suppose, for the sake of argument now, that I take on the rôle of a British delegate and address you as representatives of the people of the United States. This is how I would present the British cause:

There is a feeling that in the matter of war debts, England has not been treated as liberally as the other Allies. While England had no reduction made in the principal of her debt, other of the debtor countries, notably France and Italy, had large reductions made. Further, while it is true that England had her interest rate reduced from 5 per cent per annum to 3.31 per cent per annum, the readjustment of the French and Italian debts cuts the interest rate on the French debt to 1.64 per cent per annum and that of Italy to 0.41 per cent. Also, that while 86.5 per cent of England's debt (largely to finance her Allies) was contracted *prior* to the Armistice, only 57.9 per cent of France's debt was so contracted. Furthermore, when it comes to armaments, England's expenditure is 2.45 per cent less in percentage of her total expenditure on debt service than that of the United States, and only half that of France.

As to the question of tariffs, England was driven to protect her home manufacturers from dumping tactics of other countries. While it may seem impossible today, her adoption of protection may enable her so to treat with other protective countries as to bring about free trade all round eventually.

I acknowledge that we "hired the money" and when we did so that we fully intended to pay. But times have changed. It takes fully twice as much of our merchandise to pay a dollar today as it did in 1918 and to that extent at least our *capacity to pay* has been reduced. Further, all securities and industrial investments have depreciated to the same or a greater extent. There again, our capacity to pay has been impaired.

I don't admit any connection between reparations and debt. But I *do* say that if we cannot be relieved of these debt payments, we must rescind our action at Lausanne toward Germany and the other debtor nations and require them to pay us. What that would mean in the way of financial upheaval in all the European countries who are debtors, you will know as well as I.

I am also fully aware that your new Congress was largely elected on a slogan of "no cancellation." But does that go far enough? Are not the people of America concerned in keeping the trade of a good customer who spent \$455,600,000 on American goods in 1931 and sold only \$135,500,000 to America? It seems to me that such a customer is valuable, particularly as she is bound up with Dominions whose trade is worth as much more.

If you and I were discussing an ordinary business trade, and I, a good customer, came to you and said: "I have had misfortune and cannot pay my account," what would you say? My guess would be that you would say: "What can you pay?" "All right, I'll accept that but keep on giving me your business." That is a common sense business point of view and in the long run you will get my debt back and more out of the trade I will continue to give you.

This, then, is what I propose to do:

To settle the principal of my debt now computed at \$4,600,000,000 by a single payment of £200,000,000 in sterling gold bonds bearing $3\frac{1}{2}$ per cent interest and which will probably be cashed by continental friends, thus giving you the gold at once.

I will agree as soon as the debt question is settled at once to examine ways and means to reestablish my currency on the gold standard with a view of making same effective as early as possible.

I will agree not to disturb the Lausanne agreement.

I will agree to discuss with you ways and means whereby our two countries may enter into reciprocal tariff agreements subject to existing treaties and Dominion preference.

I will agree with you to do everything possible to secure a reduction of expenditures for armaments by my own country with the other members of the League of Nations.

OBLIGATIONS OF FRANCE AND ENGLAND TO U. S. A. Compiled by U. S. Chamber of Commerce Committee—Nov. 20, 1932

	Total Funded Debt 000 omitted	Interest to be paid 000 omitted	Average interest rate
France	\$4,085,000	\$2,822,674	1.64%
England	4,600,000	6,505,965	3.31%

ANNUAL EXPENDITURE OF DEBT SERVICE

	All Debt Service			For National Defense		
	Total-000 Omitted	Per Capita	% of Total Expen- diture	Total-000 Omitted	Per Capita	% of Total Expen- ditures
France	\$ 429,083	10.36	21.6	446,880	10.79	22.51
England ..	1,110,507	24.04	40.6	312,839	6.77	11.43
U. S. A. ..	1,011,906	8.11	20.2	694,884	5.57	13.88

Government in a Changing World

Is it proper and wise for Government to assume leadership of Industry?

Has the Constitution been violated by the new President and his Congress?

These questions are answered here by a member of the famous Brain Trust.

By REXFORD C. TUGWELL

Assistant Secretary of Agriculture

THERE IS NO prearranged field of government which is set apart from the circumstances of those who are governed. Relations here are always interdependent. As the circumstances of the people change, functions of government change. These are trite declarations of principle, but they are significant when one undertakes, as I shall, an appraisal of the legal and economic commitments of the new Administration.

I shall dwell upon two major lines of action which have been taken. I shall attempt to evaluate their constitutional and economic validity; I shall attempt to sustain them against more orthodox theories of government, law, and economics. The two major lines of action of the Administration to which I refer are: First, measures to coordinate and control private enterprise, such as the National Recovery Act and the Agricultural Adjustment Act. Second, measures vesting powers for the execution of laws in the Executive.

Is it legally proper, if it is economically wise, for the national government to assume the leadership of private enterprise; to regulate terms and conditions of employment, including wages; to prescribe permissible trade practices; even, if need be, to interfere with prices? Since these measures are related to the control of interstate and foreign commerce, attacks upon their constitutional validity must be upon broader grounds than that they violate theories concerning the powers of the federal and state governments. The doctrinal antagonism is broader than this; in terms of unconstitutionality, the economic theory of "free competition" is employed to attack these measures, this "governmental interference" as we call it. The Constitution is used as a holy of holies within which the ugly practices of free competition can be hid from vulgar eyes.

May I briefly analyze the economic implications of our past competitive economy, and prophesy its position under the new measures?

As a matter of early national history, we may admit that unrestrained competition may have been a useful economic creed. Originally it described our attitudes toward producers, especially producers who wrenched economic goods from sources of natural supply. Nature offered sufficient resistance to the ill-equipped producer to keep the market under-supplied. The problem of over-production did not exist.

Past circumstances produced needs (or supposed needs) which yielded theories in support of them.

Toughest of those theories—so tough that, in the thinking of most men, it became an unalterable fact—was that which made competition a vital necessity, an end in itself, to be preserved at all costs. Competition was assumed to be an inherent part of democracy. Indeed, competition and democracy came to be thought of as two aspects of one and the same value: A non-competitive world was an undemocratic world.

Some two decades ago, it began to be apparent—or should have been—that competition and democracy were not Siamese twins; that they were separable; that, in fact, the separation had to be carried out if democracy were not to be stifled by competition. With matters economic developing as they were, the adherence to this policy, expressed in the several anti-trust laws, meant that government was pitting itself against inevitable, unconquerable industrial forces.

Competition, to depart from which was made unlawful, became a matter of legal compulsion. It meant compelled business confusion. Coöperative impulses, demanded by the current economic trend, were thwarted and repulsed. They expressed themselves only indirectly and unhealthily. What was sound and economically necessary was branded as wrong legally. The negatory powers of government were just strong enough to frustrate the creative zeal which the situation required. The reason for our insistence, in those years, on legislation to compel conflict was that conflict was disappearing. Its passing was regarded as a catastrophe.

The industry whose contours began to be revealed was an unorthodox one; no one knew what it would be like, and therefore it ought not to be allowed to be born. But it was born, even though it had to lead a subterranean existence until within a matter of months. And it grew almost as lustily as though it had been nourished with care rather than treated as a pariah. It preyed on its oppressors, however, and so had its own revenge. Its successive victimization of society became more and more violent until at last there seemed no more possibility of pretense and concealment. It is out, now, in the open; and the hope is that its nature may be tamed to the uses of civilized existence.

But I must insist that our circumstances have changed. The plowman no longer homeward plods his weary way; he rides a tractor. Natural resources can no longer resist, with the same effectiveness, our instrumentalities for their exploitation. Our economic course has carried us from the era of economic *development* to an era which confronts us with the necessity for economic *maintenance*.

In this period of maintenance, there is no scarcity of production. There is, in fact, a present capacity for more production than is consumable, at least under a system which shortens purchasing power while it is

From an address before the Federation of Bar Associations of Western New York, at Rochester, on June 24.

lengthening capacity to produce. In this period of maintenance, the fact (and it is a fact) of dependence of all production upon a monetary market, vitalizes not only problems of transportation, distribution, and exchange but also the fact of indispensable coördination of these factors of our economy. Even more, this dependence of our total economic life upon the market, makes more and more conspicuous the dependence of our economic existence upon the purchasing power of the consumer—upon wages, that is, and protected prices.

This era of *maintenance* is the era of our present and future existence. The inextricable interdependence of its multiple factors demands a new control, a control designed to conserve their ability to function, a control to conserve and maintain our economic existence. As the Government "interfered" in days of free-competitive exploitation—with bonuses for production, tariffs, grants of natural resources, anti-trust acts, and prescriptions for raising two blades of grass where only one grew before—I have felt that the Government must now intervene in other ways to conserve and maintain the industrial system which was developed here.

Must I believe that Mr. Roosevelt's measures are contrary to the "American way", contrary to the public welfare, contrary to the Constitution, when they are measures designed to eliminate the anarchy of the competitive system, to ameliorate the recurrence of our spirals of inflation and deflation? Is his "partnership with industry" so contrary to the spirit of our institutions that it must be forbidden?

This is not an unknown phenomenon in economics. We once had iron laws of wages which we buttressed by the Malthusian notion that war, famine, and pestilence were the natural controls over standards of living. No one believes that any more about population. Shall we continue to believe that panics, deflation, and bankruptcy are our only remedy for over-productivity in industry? Or shall we, by similar ingenuity, control over-capacity and reconstruct purchasing power? The Malthusian theory did not prevent the one; I doubt if the theory of free competition will prevent the other.

Let me summarize: In this era of our economic existence, I believe it is manifest that a public interest well within the functions of government and well within the authority of government under our Constitution, commands the protection, the maintenance, the conservation of our industrial faculties against the destructive forces of unrestrained competition. And certainly the Constitution was never designed to impose upon one era the obsolete economic dogma which may have been glorified under it in an earlier one. Today and for tomorrow our problem is that of our national economic maintenance, for the public welfare, by governmental intervention—any theory of government, law, or economics to the contrary notwithstanding. Hence the National Recovery Act and the Agricultural Adjustment Act of the Administration.

WE TURN NOW to a consideration of the measures enacted in the last special session of the Congress, vesting in the President broad powers for the administration and execution of laws enacted by the Congress. Reference may be made, for illustrative purposes, to the powers granted to the President under the Economy Act and under the appendage to the Agricultural Act which is popularly known as the inflation

amendment. Of what may even the theorist of government, law, or economics complain? Has the theory of a republican form of government, explicit in the Constitution, been violated by the new Democratic President and Congress? Has the philosophy of "checks and balances" within the Federal Government been infringed?

These questions naturally arise. They command respect, for they concern our faith in the organization and functioning of our national government. But must faiths, political more than economic, be preserved at all events—that is, in disregard of the obviously necessary requirements of the public welfare? May our faiths in "checks and balances" yield to necessity, or even to expediency? If these faiths, and this necessity for more expeditious governmental action, are to clash, must we sacrifice efficiency or shall we establish a new faith?

Let me briefly discuss what the lawyer would call the "merits of the case". The President presumably sought, in asking to be vested with broad permissible powers, to attain a maximum of efficiency in the execution and administration of the laws of Congress. In view of the complex and multiple aspects of the situation which we then faced, no single statute could be adequate; no series of statutes could be adequate. We had, remember, to repair disaster, imminent, pressing. The actions called for, if they were to be left to the traditional legislative and enforcement procedures, were manifestly not going to be in time, and were likely not to be sufficiently drastic.

TO meet these demands for coördinated administration and negotiation looking to our economic resuscitation, the President has accepted the responsibilities which the Congress has vested in him. The laws of the new Administration are the laws of the Congress; it lies with the Congress to alter, amend, or repeal them. The President is to execute and administer them. Certainly it is not patent wherein our Constitution has been violated, our republican form of government emasculated, or our philosophy of "checks and balances" for the Federal Government infringed.

"Constitutionality" is talked about as if it were a tangible fact, undeviating and precise. The wiser lawyers of my acquaintance agree with me in recognizing the folly of such a notion. Constitutional law, at any given time, is the then current theory of what ought and what ought not to be done under the Constitution, a legalistic expression of the prevailing political and economic philosophy.

Thus viewed, the constitutional law of the latter part of the nineteenth century expressed itself not merely in the decisions and opinions of the United States Supreme Court, in legislative debates, in textbooks. It found definite articulation in legislation—notably in the Sherman Act and its family of anti-trust statutes. Significantly, in the recent Congressional discussions of the Administration's program, some of the elder statesmen frequently approached any proposal to abate the anti-trust laws as if that involved a constitutional change. In a profound sense they were correct; such a proposal did mean a change in the theory of the proper use of the powers conferred by that tersely worded paper called the Constitution.

And here let me say that it is my view that what we have done is to rediscover (*Continued on page 56*)

Our New Experiment in Government



By VIRGIL JORDAN

President, National Industrial Conference Board

THE NATIONAL INDUSTRIAL RECOVERY ACT should not be considered by itself. It is an integral part of a broad legislative scheme in which the Agricultural Adjustment Act, the Securities Control Act, the Glass Act, and the Railway Coordination Act are the principal other elements. It will be impossible to appraise the full significance of this scheme till it has been in operation for some time and we have had opportunity to observe how the personalities of those appointed to its administration and the temperament of business men and the public respond to it, and also to observe how more fundamental monetary influences affect its application.

We must remember that this legislation is not a set of laws in the ordinary sense, but a grant of almost unlimited powers to persons largely unspecified, and subject to no control save that of a single individual, the President. It establishes, in the wide area of economic activity which it covers, a government of men rather than of law. The persons to whom it grants these broad powers will have to make a new body of law for themselves, and the effects will depend mainly upon how these persons use their power. We may as well recognize that since March 4 there has been a revolution in the United States and that for the next six months, at least, American industry, agriculture, transportation, and finance will be subject to a potentially absolute and possibly benevolent dictatorship. No doubt this dictatorship is justified by the unemployment emergency, and we must approach the experiment in planned control and detailed administration of our economic system with an open mind, prepared to play the part assigned to us.

In doing so we ought to understand clearly some of the important economic implications of this legislative scheme of which the National Industrial Recovery Act is a part, and avoid any illusion about what it is intended to do. Such illusions are very prevalent at present and may be a source of considerable disappointment and confusion later.

IN THE FIRST place, the policies embodied in this legislation are intended as a substitute for monetary reflation. They provide a political device for avoiding, as long as possible, the use of the inflationary powers which the Administration secured from Congress in the Thomas amendment to the Farm Relief Act, when Congress threatened to force the Administration's hand on this question early in March. These policies are an expression of the point of view of those Administration advisers who are afraid of efforts, urged

by others, to raise the general level of prices by purely monetary action.

Of course, the Industrial Recovery Act and its companion legislation are intended to result in some rise of prices by approved trade agreements and by more or less direct price-fixing through governmental agencies. But the purpose is to raise prices only moderately, selectively, and under such control as will maintain price relationships that are considered desirable by the Administrator.

The main questions here involved are: First, whether any such direct price determination is within human capacity in view of the complexity of our economic system. Secondly, whether it is possible internally without a complete control of our international business relations and a resort to extreme economic nationalism. And finally, whether in the end it will be possible to maintain an artificially established price system without ultimately having to invoke the inflationary powers, the use of which the Administration wishes to avoid.

However these questions may finally be solved, the one thing that we may surely count upon with complete confidence is that by one means or another prices will certainly be put up during the next six months. At the end of that time it is probable that Congress will take a hand in determining how they are to be kept up in the light of the domestic and international situation when it resumes its sessions. It is obvious that the Administration has staked its fortunes on a rising price level, and it is likely to become more and more open-minded about the means whereby this rising price level will be sustained.

A SECOND IMPLICATION of these policies, perhaps of more fundamental importance, is that they express the point of view of those who believe that the depression and the decline of price levels have been due to over-production and to excessive competition, rather than to fundamental monetary factors. Accordingly, the principle of promoting recovery on which these policies are based implies on the one side a systematic curtailment of production and of new investment in productive facilities.

All of the legislation mentioned has this object in one way or another. This objective accords very conveniently with the desire of well-established, large-scale, heavily capitalized industrial concerns to curb and protect themselves against the competitive impact of the increasing number of small-scale, low-cost producers with low overhead burdens which have arisen

in many fields of business as a result of the depression, and also as a result of more fundamental factors making for industrial decentralization. Many of these large-scale concerns have become very high cost producers in consequence of excessive capitalization or of shifts in demand for their products, and they have become weary of the strain of the competitive struggle against small newcomers in the field and are seeking protection against them on the basis of their status as quasi-public institutions.

It is a question to be determined by experience how far an attempt to suppress the competition of small-scale enterprise in local markets and postpone the fundamental tendencies toward decentralization will succeed; but it is clear that this purpose is consciously or unconsciously implied in these governmental policies and in part accounts for the enthusiastic support of those policies by some industries. The largest question here involved is as to how recovery can be promoted without the encouragement of new enterprise and new investment. In past periods of recovery from business depression the primary force has always been either an inflationary rise in general price levels, as a result of monetary factors leading to a general revival of free enterprise in all directions, or a large flow of investment funds into new private capital facilities in some form.

Present governmental policy certainly definitely contemplates that both these influences shall be ruled out or curbed, and reliance placed upon wholly different factors. These factors are, first, an increase in the profitableness of established concerns; second, a relatively rapid expansion of consumer purchasing power through wage and employment increases; and third, increased public investment in non-productive facilities.

A THIRD IMPLICATION of these governmental policies, inseparably connected with the foregoing, is a redistribution of the current national income through wage increases, higher farm prices, and increased taxation of higher incomes, so as to discourage saving and cause a relative expansion of lower incomes which go mainly into consumption. This objective is based definitely on the theory held by the academic advisers of the Administration and by larger numbers of business men who maintain that our economic difficulties are due mainly to a shortage of consumer purchasing power and an excess of productive power resulting from over-saving.

The expression of this theory in this legislation, especially the Industrial Recovery Act, and in the explanation of it made by the President and its administrators, makes it clear that the Act is essentially and primarily a labor measure intended to increase the

labor return both through direct wage and employment increases and through enhanced collective bargaining power on the part of workers. It is a delusion to imagine that this measure is designed to increase business profits by permitting more rapid rise of prices than of wages through trade agreements.

The great question here involved is that of the technical possibility of successfully manipulating wages,

working hours, and prices so as to maintain such a relationship between prices and costs throughout the economic structure as will preserve the balance and at the same time provide the profit incentive necessary to expanding employment. Heretofore this balance has been the more or less automatic outcome of the operation of more or less natural economic forces operating in a free market for labor, commodities, and capital. But it is the obvious conviction of the Administration expressed in this legislation that these forces cannot be left free of control any longer, and must be more or less deliberately managed. It remains to be seen whether the capacity for such centralized management and control exists in the governmental administration and in the trade and labor organizations who are to be enlisted in the administration.

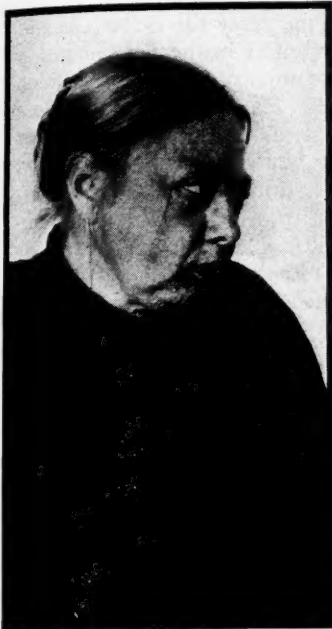
The fourth and most far-reaching implication of the policies embodied in this legislation is an inevitable and unlimited extension of the area of governmental intervention in economic processes, together with the increase of governmental expenditure and growth of personnel in public agencies. It is true that the immediate intention is to apply the control only at key points and leave a larger part of the area of economic activity to cooperative private action. But any examination of the problem of planning control and administration in so vast and interrelated an economic system as ours makes it clear that this system cannot operate half free and half controlled. In fact, the application of controls to any part of it inevitably affects all other parts, and results in maladjustments which make necessary the ultimate extension of control over the entire area, from the production of raw materials down to the final retail distribution to the consumer.

Prices, costs, profits, and investment, in every stage of the production of goods and services, must be deliberately brought into relationship to each other as soon as one intervenes at any point. This fact is already evident, and was recognized in the impasse reached at the Economic Conference in London, because it is obviously impossible to establish a planned and controlled economic system in the United States, with artificially determined prices and wages, leaving our external trade and financial relations uncontrolled except by very general tariff (*Continued on page 60*)

THE New England Council is an association of business executives of the six New England states, a leader among regional conference bodies, now in its eighth year. Dr. Jordan's analysis of the extraordinary powers and policies of our federal government was presented first as an address before this Council.

His rôle here is not to justify those policies, nor indeed to criticize them; but rather to plead for an open mind, for a willingness to play the game. Nevertheless, he wonders whether the capacity for centralized control and management exists in government, in trade, and in labor. He wonders also whether we can escape the building-up of a vast bureaucratic system.

TEN LEADERS guide a party of 2,000,000 members, who, in turn control the destinies of more than 161,000,000 human beings. What manner of men are these?

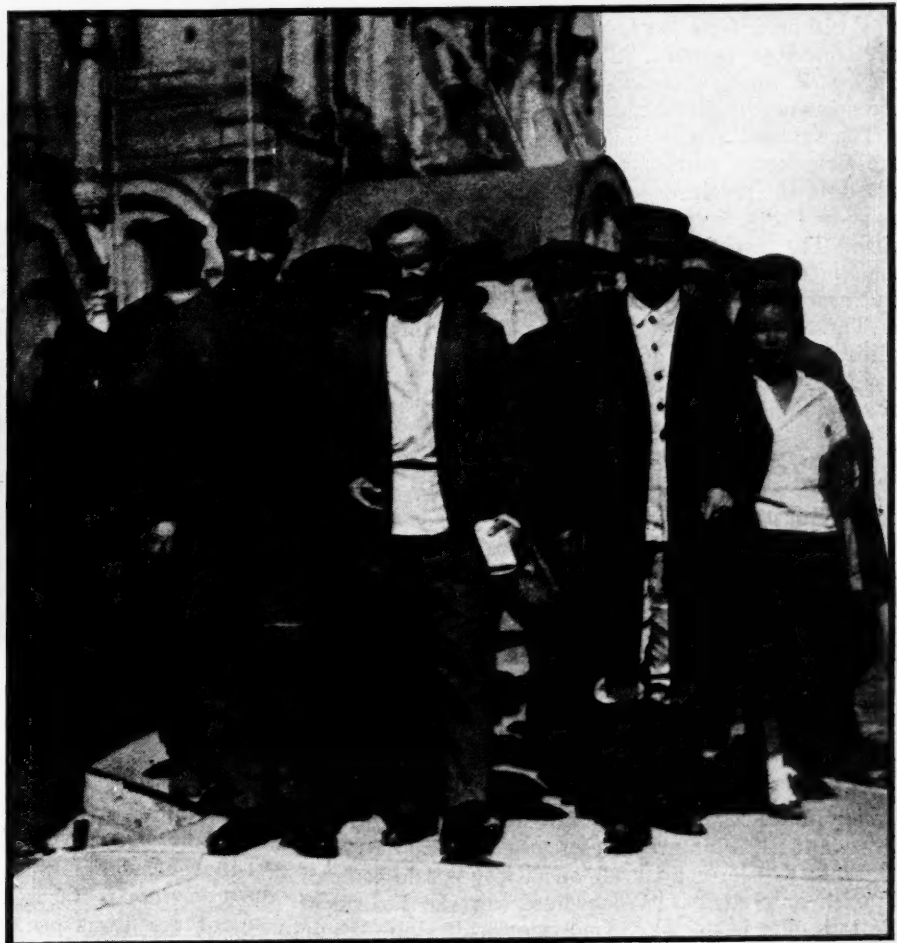


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N. K. KRUPSKAYA, LENIN'S WIDOW

LEADERS OF SOVIET RUSSIA

Kaganovich, Molotov, and Stalin, left to right, the most important men in the Communist party. Stalin's successor, if selected today, probably would be one of his companions pictured here.



Mirrors of Moscow

By ROGER SHAW

CENTURIES BEFORE the Model T rumbled along American highways, the icon painters of the Russias were turning out their product with lightning swiftness on Henry Ford's principle of straight-line production. One specialist would paint the eyes on a saint, then pass it along to a mouth specialist, and so forth, until the image was complete in all its glory. There was an official model for each saint, and the manufacturing procedure became as automatic as that in any mass-production motor factory.

Since the revolution of 1917, saints are dropping out of favor while the stock of Lenin (like that of Abraham Lincoln in the United States) is steadily on the rise. Here was the Communist Saint *par excellence*. Increasingly the icon chain-gangs turned from St. George and St. Vitus and devoted their best efforts to the new Red Saint of the Kremlin who was consecrated on November 7, 1917. Then Lenin died, leaving Stalin and

Trotsky to dispute the succession. Stalin ultimately triumphed in the leadership of the Communist party, though his position in the Soviet Government was insignificant.

Theoretically the supreme power in Soviet Russia is the Central Executive Committee of the Congress of Soviets, which corresponds roughly to the parliament of any western country. Actually, so strong is the Communist party (the only legal political organization) that party officials have attained a far more important position than have the government officials. In many cases, through interlocking directorates, Communist leaders and government leaders are identical. In other cases, indirect influence sways decisions.

It must always be remembered that the Union of Soviet Socialist Republics does not correspond to the United States of America, in the sense that it is a federated state. It is no such thing. It is, instead, a

union of seven independent republics (whose rights of secession are guaranteed), and it functions as a rival to the League of Nations at Geneva. If Germany, for instance, should become Communist, she would probably withdraw from the League and join the U. S. S. R. as a member nation. All member republics of the U. S. S. R. must, of course, be Communist according to the doctrines of Marx and Lenin.

The supreme power in Russia is the *Politbureau* of the Communist party. Its original membership consisted, in the revolutionary days, of Lenin (who passed away in 1924), Sverdlov, Trotsky, Kamenev, and Zinoviev. The last three mentioned were Jewish intellectuals of the first water, although today they are in the bad graces of the Stalin régime. Trotsky is an exile in Turkey, although it was his genius as military organizer that won the great civil war in which the aristocratic Whites and the meddling Allies were so decisively worsted.

THE PRESENT *Politbureau* consists of Stalin, who is party secretary; Ordjonikidze, in charge of heavy industry; Andreyev, in charge of transportation; Voroshilov, who heads the army and navy; Kalinin, President of the U. S. S. R.; Kossior, party secretary for the Ukrainian republic; Kaganovich, party secretary for Moscow; Molotov, Premier of the U. S. S. R.; Kuibyshev, who heads the State Planning Commission; and Kirov, party secretary for Leningrad (once called St. Petersburg). Litvinov, the talented foreign minister, is not a *Politbureau* member. He is not an "insider".

Stalin is a Georgian (though not of an "Old Southern Family"); Kaganovich is Jewish; Ordjonikidze is Georgian; Kalinin represents the typical Russian peasant; Kossior is a Ukrainian; Kirov is said to be of Finnish antecedents. What more can the League of Nations offer in the way of polyglot leadership? Lenin hailed from the petty nobility of the Middle Volga region.

Stalin lives in two rooms in the Kremlin with his two children. He is a puritanical personage, once educated for the priesthood; tall, olive-skinned, black-haired, altogether Asiatic. He is no demagogue like Hitler and Mussolini, no latterday saint such as Lenin was esteemed. He is a saturnine desk-man who dislikes appearing in public, and makes no gesture. Lenin's old widow, Nadejda Krupskaya, dislikes him—and he her. She has openly opposed him on occasion, and without restraint. Before the revolution, Stalin was captured and exiled six times. His real name (not his revolutionary nickname) is Josef Djughashvili. Above all, he is *not* a dictator. The *Politbureau* is a collective dictatorship which rules the all-powerful Communist party. Stalin is a "boss", in the American or Tammany Hall sense.

Kalinin is an old man of the rustic Uncle Sam type, plus spectacles. He likes to shock tinselly British diplomats with his old clothes. He is greatly beloved by simple countrymen; taught himself to read and write; never went to school. He has a half-dozen grandchildren, yet is reputed still to have an eye for the ladies. Old Papa Michael has a typically American detestation for evening clothes.

Molotov is very close to Stalin. He wears a *pince-nez* and well-made clothes. He is a strutter, and not popular with the older Communists. The older Red

women had brilliance, but were hardly stylish. Mrs. Molotov is stylishly inclined. Comrade Molotov is, probably, something of a "yes-man" to Comrade Stalin.

Kaganovich did not join the party till 1911. Younger than most, he has the best brains in the *Politbureau*, a little black beard à la Lenin, experience as a union leader, councilman, guerrilla. He too is extremely close to Stalin, the "man of steel". Either Molotov or Kaganovitch will probably figure as Lenin's successor. Kaganovitch is the writer's surmise.

Litvinov does not live in the Kremlin—the Communist Park Avenue. He lives in a small four-room apartment with his aristocratic English wife and two children. Mrs. Litvinov is a real character, an intellectual, and formerly "first female comrade" of the U. S. S. R. Then she went on a visit to Berlin, it is said, and praised that cleanly city in an article in a German bourgeois paper. It was demanded of her that she deplore the squalor of the Berlin working quarter! Her career as social lioness was over, but she retains her brains and her firm Red principles.

Old Krupskaya, widow of Lenin, is altogether admirable. She keeps herself busy, unostentatiously, with educational and child-welfare work. She saw to it that the children of ex-aristocrats and ex-bourgeoisie, who were in unjust disfavor, be admitted to the state schools. Here is a great woman. (She would scorn the term "lady".) Catherine the Great, her predecessor, was very Christian—and also a killer and a libertine. Krupskaya is a devout atheist who practises Christianity every hour.

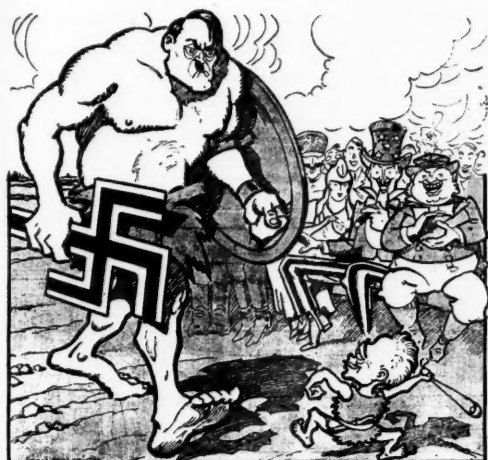
Comrade General Voroshilov was described to the writer by a friend who had interviewed him at length. "I thought, you know, that a Communist General would be a sort of Spartacus or Daniel Boone—a simple crusader type. I was mistaken. A Communist General differs in no way from a Wellington, a Ludendorff, a Foch. Militarism is militarism, whether it's Red or White, proletarian or bourgeois or feudal. He is a rather stupid man, devoted to Stalin, with the dull bulldog tenacity which characterizes the Mars of this world."

COMMUNIST PARTY members are classified as Old or New. Those who fought for Communism before the revolution are honored patriarchs—Old Bolsheviks. The comparative youngsters are fast coming in, but they are, after all, merely New Bolsheviks who date back at latest to 1917, and perhaps only to 1933. An anonymous writer has declared: "The leaders of the Bolshevik régime are good men in the most ominous meaning of that word. They are bent on saving the world. The comparison with the early Church Militant and the Jesuit Order, or with our own Prohibitionists, is irresistible. . . . They are the first autocratic rulers in history who do not use their power for personal profit. They do not graft; those who do get shot."

He goes on to say that the Russians are Europeans racially and Asiatics mentally. So, after all, is the Nordic American who professes Christianity. Much moral uplift and radical reform, both harmful and beneficial, have come out of the flaming East. Certainly ten leaders who guide 2,000,000 party members who, in turn, guide 161,000,000 human beings are worthy of attention.

Germany, Hitler, and Austria

By A. PAUL MAERKER-BRANDEN



From *Le Cri de Paris*

HITLER-GOLIATH and DOLLFUSS-DAVID

HITLER'S ENDEAVOR to create a "totalitarian" Reich—if the claim of the Nazis is accepted that their movement constitutes a new Reformation—is a more or less conscious effort to rear a bulwark against a new Thirty Years' War. Totality, final aim of all coördinative (*Gleichschaltung*) measures recently promulgated in Germany, is a consummation devoutly to be wished. It amounts to insurance against as bloody and destructive a juncture in history as that which checked the advance of Dr. Martin Luther's ideas within the natural boundaries of Central Europe. The bloodshed during those three decades from 1618 to 1648 was the reaction to a purposeful movement grossly miscarried.

Austria, in the sixteenth century, proved the stumbling-block for a German reform movement directed against "the system" of that age, just as the Hitlerites are now on the warpath against "the system" of today. It is in view of this historical implication that the Austria-Nazi problem assumes such importance, because once again the empire of the Hapsburgs stands in the way of a new, "totalitarian", all-embracing Reich. Should it prove impossible for National-Socialism to win over Austria, Vienna will once more become the stronghold of the most formidable opponent to a contemporary German reformation.

In Austria, the Catholic Church—contrary to its strategem within the borders of the Reich—continues the fight against National-Socialism. Bishop Filzer, speaking in Salzburg at the recent Congress of the Christian-Socialist party, aroused the members of his diocese to resistance against the national revolution. "Looking beyond the boundary and observing our brethren in Germany," he said, "we pray every day for a happy consummation of the experiment they are carrying on there just now. We in Austria, however, really do not need to indulge in such an experiment and we certainly do not want to see it repeated here."

Still more intransigent, the Austrian War Minister

Vaugoin stated: "Regarding the Catholic Church, we are not less apprehensive of National-Socialists than we are of Socialists. The latter are the declared enemies of the church, while the former still pretend to be Catholics. Nevertheless, at the same time, they reject the supreme authority of the church, stipulating even that the church subordinate itself to the state. This is the root of evil which might prove fateful for our country."

These two utterances constitute the very kernel of the battle for the political control of Austria. Exactly as in the sixteenth century, the Catholic Church, using Austria as a springboard, opposes a national reform movement. Intuitively, Rome senses that the new trend is incompatible with the conception of Catholicism, for the very obvious reason that Catholicism—as the name implies—recognizes neither national boundaries nor racial differentiations. If National-Socialism would only limit itself to the more material aspects of government, then reconciliation might be possible. Since, however, National-Socialism reaches far beyond secular organization work, a lasting compromise appears most unlikely, despite the fact that a concordat has just been agreed upon between Berlin and the Holy See.

Here the objection could be raised that Facism, too, subscribes to tenets very similar to those of Nazism, and only after protracted difficulties did it make peace with the Catholic Church. But Fascism gathered into its folds the nationals of a country of exclusive Catholic persuasion, and, moreover, ignored racial questions completely. It is especially due to the zeal manifested in connection with the latter that Nazism aroused so much foreign opposition and antipathy. Unrelenting drives against "non-conformists", be they Socialists, Communists, or Jews, have sowed a wind of international indignation which might sooner or later darken the sky over Germany with storm clouds.

DISREGARDING the fact that the intolerance Nazism displays toward all those outside the Swastika pale is but a strenuous attempt to safeguard the national unity enforced by Hitler, foreign governments are doing everything in their power—even at the risk of running afoul of diplomatic comity—to widen the chasm between Berlin and Vienna. Support of Austria, at the present juncture, is not only directed at preventing *Anschluss* but it is primarily aimed to defeat Nazism. In this connection, it will be most important to observe whether Herr von Papen's achievement in concluding the new concordat will prove permanently successful, as its effect will have a definite bearing on the "totality" of National-Socialism within the boundaries of the Reich.

It is rather remarkable that in the recent controversy the expression *Anschluss* was rarely mentioned.

Surprisingly, the international aspect of the dispute was not especially stressed. To all appearances the battle was not one to unite two different countries, but rather to bring different parties of one single commonwealth under identical political party leadership. It is significant that the Austrian Nazis are fighting under the slogan: "With Hitler for Austria!" Already something of a political personal union exists between the two countries, and in this connection it is important to remember that Adolf Hitler himself is an Austrian by birth. He always was imbued with the longing to become part of the Reich, and now that the personal side of that longing has been assuaged it is assuming a wider political scope.

STRANGELY enough, Germany and Austria are inherently one country—and yet they are not! There is this basic difference between the two branches of the German oak: While Austria always tends to *let* things happen, the Reich, especially under the leadership of Prussia, prefers to *make* things happen. The empire of Rudolf of Hapsburg flourished not so much by use of the sword as by the strokes of the pen. As far back as 1363 the inscription of the seal of Duke Rudolf IV carried the well known maxim: *Tu, felix Austria, nube.*

In centuries of history, Austria always came in a little behind schedule, and it is for this reason that only today, during the Dollfuss era, she has reached that sequence in contemporary history through which Germany passed more than a year ago, under the chancellorship of Franz von Papen.

Internal party strife, and not international difficulties, is responsible for the breach twixt these sister countries. That serious diplomatic complications have arisen between Wilhelm-Strasse and Ballhaus-Platz, is the result of a complete lack of understanding on the part of both German and Austrian Nazis as to why they should not be permitted to fraternize. Resistance against such manifestations of a common endeavor appears to be merely another of the many economic and political incongruities in which our time abounds.

All over the world, today, we observe economic policies embodying diametrically opposed political tenets. At a moment when such inconsistencies are becoming increasingly prevalent even in the United States, it should not occasion surprise to witness the swift change in political and economic trends from an erstwhile eagerness for a customs union between Germany and Austria to the present harshness of a border blockade, with all the reprisals this entails.

Regardless of whether the world at large may like it or not, the union of all German-speaking Central Europe remains the consuming passion of National-Socialism. It is bound to come even if Prussia should not emerge as the dominating factor of such a constellation. *Anschluss* would tangibly contribute to world peace because it would wipe out, once and for all, national jealousies still persisting between Austrian Vienna and Prussian Berlin, dating back not only to the time when Frederick the Great enlarged his domain partly at the expense of Austria, but even earlier. Both states, in past centuries, had definite political tasks to solve. If William II is correct in his thesis that Germany is the face of eastern Europe turned toward the west, then Austria was the face of nordic Europe turned toward the Balkans.

Now that both countries have fulfilled the definite tasks allotted to them by history, the next step would be their consolidation. In Germany this has been anticipated by subordinating the federal states of the Reich to a centralized government. Austria, for the time being, still hangs on to her several provincial diets. Centralization efforts there encounter great difficulties, primarily because of short-sighted Austrian bureaucrats who cannot understand that *Anschluss* will not necessarily mean a demotion for Austria's public servants. Such a union with Germany rather may usher in promotion for them within a much wider scope of an all-embracing Reich.

The present Austro-German imbroglio can be hardly more than a passing interlude. After all, the political alienation between Austria and Germany—as prescribed under the stipulations of the treaties of Versailles and St. Germaine—is a dictate contrary to all principles of the right of self-determination. Interference with the union of Austria and Germany is based exclusively upon the right of the stronger. The French argued that a union of Austria and Germany would endanger the peace of the world.

On the other hand, the whole world has meanwhile come to the conclusion that in order to preserve peace something must be done about the impossible and intolerable economic instability of Europe. As one way out, the victors of the World War themselves suggest that a Danube Federation be organized, comprising the successive states of the defunct Dual Monarchy. For the time being, this scheme has been stalemated, but sooner or later it will appear once more on the international agenda.

In recent years, certain administrative measures towards eventual *Anschluss* often have been pointed out by its opponents as an interpretation of Imperialism. This reproach is strongly rejected in the Reich as well as in Austria. *Anschluss* would never mean a manifestation of Imperialism, but only the consummation of a right unjustly withheld.

NATURALLY, opposition from different sides is expected. France is sure to object, and Mussolini probably would raise difficulties. Doubtless, Il Duce is greatly interested at present in maintaining Austria as a buffer state; and there are other countries who do not wish to see Austria join the Reich. For it is by means of Austria, as a lever, that these other nations hope to retain a controlling influence over any Danube federation that ever may be organized. Whatever is done to keep the Swastika out of Austria today is not done because of any special sympathy for the deplorable remnants of what was once the Hapsburgian empire; rather, the driving power is given impetus by the desire to down Nazism.

Unfortunately, certain excrescences of National-Socialism have recently called forth such loud protests from the world as to make the nations lose sight of the important fact that the persistently pressed demand for *Anschluss* is more than a rational political and economic endeavor, or just an emotional urge. The unrelenting pressure for *Anschluss* signifies an impulse, as yet inarticulate, to prevent, in the interest of all humanity, another thirty-years' aftermath to a new Reformation.

A world, still suffering from the Treaty of Versailles, must be spared a new Peace of Westphalia.

New Dates for Old

THE WORLD CALENDAR

Every Year the Same

JANUARY							APRIL							JULY							OCTOBER						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
1	2	3	4	5	6	7	1	2	3	4	5	6	7	1	2	3	4	5	6	7	1	2	3	4	5	6	7
8	9	10	11	12	13	14	8	9	10	11	12	13	14	8	9	10	11	12	13	14	8	9	10	11	12	13	14
15	16	17	18	19	20	21	15	16	17	18	19	20	21	15	16	17	18	19	20	21	15	16	17	18	19	20	21
22	23	24	25	26	27	28	22	23	24	25	26	27	28	22	23	24	25	26	27	28	22	23	24	25	26	27	28
29	30	31	..	..	..	..	29	30	31	..	..	..	..	29	30	31	..	..	..	..	29	30	31	..	..	..	..

FEBRUARY							MAY							AUGUST							NOVEMBER						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
..	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
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19	20	21	22	23	24	25	19	20	21	22	23	24	25	19	20	21	22	23	24	25	19	20	21	22	23	24	25
26	27	28	29	30	26	27	28	29	30	26	27	28	29	30	26	27	28	29	30

MARCH							JUNE							SEPTEMBER							DECEMBER							
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	
..	1	1	2	1	2	1	2
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17	18	19	20	21	22	23	17	18	19	20	21	22	23	17	18	19	20	21	22	23	17	18	19	20	21	22	23	
24	25	26	27	28	29	30	24	25	26	27	28	29	30	24	25	26	27	28	29	30	24	25	26	27	28	29	30	

YEAR-DAY, December Y, follows December 30th every year
LEAP-DAY, June L, follows June 30th in leap years

By CHARLES DEXTER MORRIS

MR. MORRIS, as editor of the "Journal of Calendar Reform", has advocated this new plan for a simplified World Calendar at international conferences under the direction of the League of Nations.

MEN OF BUSINESS, economists, statisticians have long complained of curious and irritating anomalies in the calendar. A February of 28 days in a year where the other months have 30 or 31 days is condemned as an indefensible irregularity nor is it any wonder that calendar reform should have become an accepted plank in the program of Chambers of Commerce and public bodies of similar influence. It is urged that through the League of Nations some adjustment of our present year ought to be arranged, and the League has been examining into the matter.

Most of us have been made familiar with the late George Eastman's interesting and widely advertised proposal that the year should be divided into thirteen months instead of twelve. It is argued—and plausibly—that equal months of 28 days, each embracing four precise and uniform weeks, would be convenient for many purposes.

To be frank, I have never been impressed by the possibility of this particular plan. As it seems to me, such an idea of calendar reform, whatever its theoretical attractions, must always be academic.

Calendars are not the exclusive possession of captains of commerce, far-sighted and honored though they be.

Everybody has an interest in the calendar who can date a letter, however ill-spelt, or draw up a check for a payment, however trifling. What here we have to deal with is sentiment that is often more subtle than public opinion itself. Our attitude is influenced by traditions of which we may be no more than subconscious, by superstitions that we would not care explicitly to avow. Nor can this slow world move more quickly than the cumbrous procedure of congresses, and parliaments.

To break up the sequence of the seasons, to upset the equality of the four quarters on which depend many customary payments, to compel multitudes of people to transfer their birthdays and other domestic anniversaries to a thirteenth month called Sol, to call upon monthly periodicals and their advertisers to arrange for an extra issue every year, to abandon the signs of the Zodiac—such changes do not seem to be practical politics. If this is what is meant by calendar reform, nothing in our time is likely to come of it.

Yet all over the world, the calendar is now under discussion. Its fascination continues to be, what it has always been, inescapable. Long before man invented anything worthy to be called a clock, he used a calendar, and to perfect the calendar has been an age-

long task that never seems to be completed.

Of late years, a new reason has arisen for regarding that task as immediately urgent. During the long succession of the centuries, calendars in actual use, like currencies and languages, have been numerous. At this moment, several of such venerable calendars still survive. But in all cases save one, they survive only as a religious and ceremonial memory. For the first time in history, one predominating calendar has emerged out of the chronological chaos and, broadly speaking, has become international. For all the usual business of life—diplomacy, correspondence, commerce, news, financial contracts—man has been compelled at last to use an identical and universal system of dates.

A NEW SITUATION thus faces us. It is one thing for the West, with its especial cultural memories, to be lenient—even unduly lenient—toward any anomalies that may be found within its measurement whether of money, weight, distance, or time. It is quite another thing to impose these anomalies on the East where associations are wholly different. What is essential for the daily use of mankind should be the best that man can devise.

In pointing out the irregularities which are still observable in our reckoning of time, and in trying to discover some way by which these irregularities may be eliminated or reduced to a minimum, responsible calendar reformers have been rendering, therefore, a public service to every person living or destined to live upon this planet. Nowhere among them has there arisen a serious difference of opinion except in reference to the practicability of the thirteenth month.

Two organizations are now advocating changes in the calendar which are possible without sacrificing the year of twelve months. In New York City, there is the World Calendar Association and in London, the Rational Calendar Association, with similar objects. The question for the average man is whether the proposed changes, thus limited to what is legislatively possible, are worth the trouble always involved in the adoption of any reform, however simple and beneficial. My own view is that, in the future, the one surprise will be that the calendar, so greatly and so easily improved, was not altered for the better long ago, instead of allowing the matter to be delayed.

In one important respect, the calendar needs no improvement. As regards the length and duration of the year, it is not only universal, but ideal. We have escaped from the variations of the lunar year which so greatly perplexed the astrologers among ancient peoples. We have adopted the solar year. And by a singularly ingenious arrangement which was promulgated in the Bull of Pope Gregory XIII., dated 1582, this solar year has been synchronized exactly with the movement of the earth around the sun. Nowadays we take this adjustment for granted. But it is by no means so simple as sometimes we suppose. The solar year contains 365 days, 5 hours, 48 minutes, 46 seconds. For the purpose of accuracy, therefore, we have to make three adjustments. An additional day, February 29, is allowed in every ordinary fourth year. But at the end of every ordinary century, this Leap Year, as we call it, is omitted. In the quadri-centenaries, 1600, 2000, 2400 and so on, the Leap Year is restored.

It was not without a courageous effort of authority that the Gregorian Calendar was achieved. In order

to change from the old style to the new style, Pope Gregory had to cut out ten days from the current year, that is, 1582. So acute were ecclesiastical susceptibilities that the alteration was not accepted by Great Britain and her colonies until 1752 when the British calendar had become so unpunctual that eleven days had to be eliminated. In Russia, the Czardom, allied with the Eastern Orthodox Church, never came into line. Russian documents had to be double-dated, old style and new style. Of Soviet Russia, this is no longer true. New style is used, and there is no confusion of dating even though the seven-day week has been rejected.

One item of Calendar Reform stands by itself. It is of little concern to Asiatic peoples like the Indian or the Chinese. It is of less interest to the United States than to certain countries in Europe. I refer to the demand for a fixed Easter.

In western Christendom, Easter may fall on any date between March 22 and April 25. Great Britain complains that the oscillation disturbs the terms of study in schools and colleges and also the legal holidays at Easter and Whitsuntide. In 1928, therefore, the British Parliament passed an act enabling the Government to issue an order fixing the date of Easter, which order must be subject to a consideration for the official opinion expressed by the churches. In 1924, the Vatican took the view that the question could only be determined on the preliminary recommendation of an ecumenical council, and it is more than sixty years since the last of such councils met. In the hope of facilitating action, the League of Nations has recently appealed to the Vatican. Rightly or wrongly, the more eager calendar reformers in Great Britain would like to go ahead and fix Easter for that country without waiting for the approval and coöperation of Rome.

IN THE DATE of Easter, no dogma is involved. Yet that point of chronology occasioned controversy and uncertainty during the entire Christian Era. In the year 664, the most important synod of which we have record in England met at Whitby mainly in order to adjudicate upon this matter. Much more was at issue than a detail of the calendar. The real question was whether the nation was to follow the British rite or the Roman, so acknowledging the primacy of the Pope. To this day, the Eastern Orthodox reckoning of Easter differs from the Roman Catholic. It is, moreover, one thing to desire that the date of Easter be fixed. It is quite another thing to determine a date that will suit countries of very different latitude and longitude. Britain proposes the first Sunday after the second Saturday in April, and even so the day would not be definite. Apparently, there can be no fixed Easter, in the full sense of the words, unless we proceed to a more general and widespread calendar reform.

The standard year contains 365 days and Leap Year contains 366 days. All responsible calendar reformers are agreed that the calendar year should be 364 days, that is, 52 complete weeks, and that January 1 should fall on the first day of the week, namely Sunday.

In our present calendar, a date that is Monday this year becomes Tuesday next year. If Leap Year were to intervene, the date would jump to Wednesday. But if the calendar were to be reformed as suggested, the anniversaries, public and (Continued on page 56)

DIVERSIFICATION was one of the magic incantations of the prosperity era. Many things were jettisoned during the depression. Was this theory among them?

Shoemaker, Stick to Your Last

By NATHAN M. OHRBACH

DURING THE boom years that culminated with the 1929 break, one of the shibboleths of the "new era" economists and business executives was "diversification".

On every hand one was urged to diversify. And the advice was generally taken. As a consequence, that interesting compendium of archaic statistics that parades under the sonorous title of the "United States Census of Distribution" shows a condition of diversification among manufacturers, jobbers, and retailers that would be laughable if, economically speaking, it were not so pitiful.

Now that business is again showing signs of reviving, the gospel of diversification is again being broadcast. As a lone voice crying in what is, in truth, a wilderness of spread-eagle, grasp-everything-in-sight business procedure, I urge caution. I do not believe in diversification. I say: Shoemaker, stick to your last.

The principle of diversification sounds very convincing. Nice little proverbs like the one about not putting all of one's eggs in one basket seem to add strength to the argument. But if my own business experience during these years of depression, and the experiences of a handful of manufacturing companies that I am going to cite are any sort of worth-while guide, then, to put it as cautiously as I feel the entire subject should be approached, the policy of hewing to the line at least warrants attention.

Manufacturers jumped into diversification with both feet starting around 1926. By 1928, they were literally and actually up to their necks in it; and when the bottom slipped out in 1929, these diversification specialists were among the first to be engulfed.

Jobbers displayed the self-same tendency, according to this same authoritative source of information. As a matter of fact, jobbers were in the nature of leaders in the fashionable practice of diversification. They embarked on this program long before the start of the



Mr. Ohrbach is president of Ohrbach's Affiliated Stores, Inc., of New York and Newark.

boom era. As a consequence, they had already started to feel the inevitable consequences of spreading one's efforts over too much ground when Uncle Sam began looking into distribution.

The Census of Distribution uncovered not one, but hundreds of grocers who handled automobile tires. It lists equally large numbers of automobile tire dealers who stocked toys. It discloses that hardware was handled, at the time the census was made in 1928, in fourteen different types of outlets, one of which was a group classified as "notion" stores.

In brief, it presented a picture that unmistakably indicated a trend, on the part of all retailers, away from the specialty store and very much in the direction of the general store. With the drug stores and their conglomerate stocks of everything under the sun pointing the way to the Utopian land of diversification, retailers in every conceivable line vied with each other in spreading out.

Ohrbach's, which has two stores, one in New York on Fourteenth Street facing Union Square, and the other in Newark, New Jersey, is founded on the retailing, on a cash and carry basis, of ready-to-wear for women and children. We have made gains, in each year of the depression, in volume and units, over the year before. During these last difficult years, incidentally, we have not considered profit, but have devoted our efforts to establishing high standards of merchandise quality and service and to building good will. As a matter of fact, our business had gone ahead so rapidly during the depression years that before the current upturn began we felt that actual volume done, not potential volume, justified the addition of 30 per cent to our floor space including the addition of four floors to our building, and engaging in other improvements, such as the installation of a modern refrigerating plant for cooling. Work on these projects has already started. Moreover, in March, 1932, when

things were at their worst, we added over 45,000 square feet of floor space.

As may readily be imagined, with this record of accomplishment bruited about in the trade, I have received innumerable offers, some of them very tempting, to engage in other activities. I have been offered other stores on the proverbial silver platter. I have been offered an interest in an amazing variety of manufacturing businesses. Each and every one of these offers has been turned down without a moment's hesitation, because I believe in sticking to my last.

Years of conforming to this principle of concentration in conducting our business finds us today in entire agreement with the code of ethics formulated for the department store trade by the National Retail Dry Goods Association for submission under the National Industrial Recovery Act. This code contemplates a minimum weekly salary for women of \$12 and for men of \$18. Our minimum wage for both groups—and we employ 1500 people—has always been above this level. The code also contemplates a minimum work week of 48 hours, a rule that we have always rigidly observed. And the proposal that stores shall sell at prices that are at least 10 per cent above cost is a practice we have invariably followed. I do not believe that the Recovery Act holds terrors for any business that has been sensibly and ethically conducted.

I have already mentioned that ours is a cash and carry business. Because our volume is in the millions, and our customers run into the hundreds of thousands, it is natural that we should receive a multitude of mail-orders. All that we would have to do with these mail-orders is to ship them out, perhaps C. O. D., and collect. It may seem very tempting.

But we turn down, each year, a half million dollars worth of these mail-orders because we are not in the mail-order business!

We have a series of form letters that we use to inform people that ours is a strictly cash and carry business. Many of those who receive these letters seem not to believe that we mean what we say. They will try two and three times to get us to fill mail-orders. But a mail-order has never yet been filled at Ohrbach's. The only merchandise we have ever sold has been bought and paid for at our cash desks and taken away by the purchaser at the time of purchase. And that, it should be remembered, applies to coats running up to \$195 per garment.

Obviously, we don't discard that huge amount of business each year, a volume that is larger than that enjoyed by 90 per cent of the stores in the country, because we are pig-headed. My view is simply this:

There is one thing we know how to do best, and that is how to run a cash and carry business. We don't know the mail-order business. If we went into it, we should have to give it special study, open a special

department, and thus not only spread our interest and ability, but also add to our overhead. That latter is a vital point, because people do not buy for cash, nor do they carry their own bundles, unless they save money by doing so. Obviously, a store cannot operate profitably on the basis of the small mark-up that will permit our low prices unless it fights continually to keep down its overhead.

Another type of offer we get is from individuals who want to pay us for the privilege of establishing and operating new departments in our store. This is not an uncommon practice in the department store field, and these departments are known as "leased" departments.

We have not a single "leased" department in our store. We turn down those who would sell merchandise in our line just as promptly as those who suggest merchandise that is foreign to our line. Here, again, we adhere to our principle of specializing. We also adhere to the principle of maintaining complete control over every section of our store, something that could not be done were leased departments permitted. We have been offered as high as \$40,000 a year for the privilege of renting a single department in our store and have turned down the offer.

As part of our policy of not taking on anything that will add to our overhead or detract from

our main job, we sell at one price, even to our employees. If a customer buys one garment or fifty, the price is the same—the marked price that appears on the price ticket.

In brief, our business mission is the operation of a retail store that is stripped of all unnecessary services. I don't say that these services should not be given by other stores, since if people want to pay for them, and, of course, in the final analysis, these services must be paid for by the customer, there can be no valid objection to stores catering to this demand. Our customers, being shrewd buyers, are willing to forego these services because they know they save money by doing so.

But I do say that we should not give these services, because they do not come within our fundamental conception of this business, which is, briefly: a high-style, high quality line, a low overhead, a low price, a small profit, and a volume large enough to turn that small unit profit into a satisfactory net.

We believe in, and we practice the principle of concentration. We hew close to the line, and permit nothing to take us off into sidepaths. Diversification may have its advantages, but I cling to the notion that its disadvantages have the preponderance of weight.

It is interesting to observe that among manufacturers, also, those companies that have clung, through thick and thin, to the principle of concentration, of doing one job and doing that job the best they know how, have come through the depression in excellent condition.

For example, there is the Bon Ami Company. Here



By Fitzpatrick, in the St. Louis Post-Dispatch

"WELL, BLOW ME DOWN!"
A socialist's dream come true.

is an organization with an excellent product, a reputation second to none, and distribution practically perfect. There is scarcely a logical retail outlet that does not handle it.

Many people have wondered: Why doesn't the Bon Ami Company add another product? Wouldn't they be able to get over-night distribution for practically anything they bring out, and thus add to their sales and profits at practically no expense?

I haven't been authorized to speak for the Bon Ami Company, but I believe I know how they would answer that question. I believe they would say that they came through the depression quite nicely, thank you, with a single product. That their field is far from saturated, and that there is plenty to keep them busy right in their own backyard without straying off into strange pastures.

As a matter of fact, it is particularly interesting to observe how the few manufacturing companies that stuck to their own knitting have been amazingly immune to the effects brought on by the depression.

The Wm. Wrigley, Jr., Company is a case in point. The Coca Cola Company is another. One might wonder why these organizations, with their marvelous distributive set-ups, do not take on other lines. For example, either Wrigley or Coca Cola could bring out a line of confections, without straying far afield from their present output, and probably obtain national sales and distribution in a short time. Surely, there is no reason to doubt that suggestions to this effect, and related suggestions, have been made to these two companies time and time again.

Yet, I notice that both organizations go right along selling gum, in the one case, and just one soft drink in the other, and doing a mighty creditable piece of work. Both companies compiled remarkable records during the years 1930, 1931, and 1932. Both net profits and sales, in each case, were the envy of thousands of manufacturers—manufacturers, be it said, who had diversified and not found the easy solution to business success in this principle.

Let me range through the market page of my newspaper, citing other nationally known names to strengthen my contention. The following companies, so far as my information goes, concentrate in their chosen fields: Gillette Safety Razor Co., The Cream of Wheat Corp., The Nash Motors Co., The Packard Motor Car Co., The Pullman Car & Mfg. Co., The Hershey Chocolate Corp., Gotham Silk Hosiery Co., Congoleum-Nairn, Inc., and the Wesson Oil & Snow-drift Sales Co.

The American Tobacco Co., P. Lorillard Co., and Liggett & Myers Tobacco Co., are not selling pipes, ashtrays or smoking jackets. They stick to tobacco. The American Sugar Refining Company keeps to its sugar, bagged and packaged. Life Savers, Inc., confine themselves to a single kind of confection. It is an

interesting sidelight that its predecessor company was for years the maker of several hundred candy items, and that when the present management took over the firm all these were dropped and attention was confined to the present line.

Candy is the sole concern of Stephen F. Whitman & Son and of the Robert A. Johnson Co. A literal example of a shoemaker who sticks to his last is the Endicott-Johnson Corporation. The Upson Company is known for its composition building board. The

Simmons Company is known for its metal furniture. In mentioning the White Sewing Machine Company, I ought really to mention the Singer Sewing Machine Company as well, for while the latter concern is making a vacuum cleaner, it is still an insignificant part of a large business. A similar situation exists in a great many companies.

In more cases than I dare to enumerate, diversification has been the refuge of weak management. I say that because in boom times diversification is undoubtedly an easy road to increased volume. But the test of a business policy is not its effectiveness when volume is easily obtained, but its effectiveness when sales must be fought for. Diversification most assuredly has not stood up well under this test, while the principle of concentration has a favorable record

to which to point. Of course, in all generalizations there are the exceptions which prove the rule.

To get back to the business I know best—my own—I have no doubt that we could sell an enormous volume of groceries were we to add a grocery department. I'm sure we could move a large number of radios, and a tremendous volume of furniture. A huge cosmetic business could be quickly developed. I know, for a certainty, that, if we cared to do so, we could build the half-million dollar mail-order business that we turn down annually into a separate business that would quickly double and treble that total.

In fact, there are a hundred and one things we could do to branch out, to diversify, but, in common parlance, we turn a cold shoulder to all of them. We have run, and we will continue to run just one kind of business, a cash and carry ready-to-wear retail store, operating on the basis of a remarkably low overhead and correspondingly low prices. Nor is that stubbornness. It is a policy that is born of sound, and I might even say, bitter experience. Moreover, as I have already pointed out, it is a policy that has met the most severe of all tests, the worst depression in history.

With business now on the upswing, with the old ambitions to try new things again in the ascendancy, with new businesses in process of formation everywhere, my advice to the business tyro, and even to the experienced business man is, concentrate. Decide the type of business in which you want to engage, draw the line sharply, and then toe that line. For that is the road which I have found will lead to success.



By Fitzpatrick, in the St. Louis Post-Dispatch

"THE GATE IS OPEN, BUT NOT FOR YOU."
The gate is open but Uncle Sam is watching.



Cornfields by
Owen M. Smith,
from R. I. Nesmith
& Associates



On the Campus at Grinnell College



Culture in the Corn Belt

By JOHN SCHOLTE NOLLEN

President of Grinnell College, Iowa

THE DEPRESSION HOLDS more than an economic threat for the Middle West. Irreparable damage may be done—a blight more serious than ever resulted from drought or crop pest—if its cultural facilities are allowed to die from lack of financial support.

The center of culture is moving west. The upper Mississippi basin, in which Iowa holds the central place, has been called the New England of the west, and it is increasingly justifying the title. If the tendency of the past quarter century continues, the "corn belt" will take the place of dominant leadership in the training of the best minds and in the development of an American culture, which New England has held since colonial days. The high literacy of the general population in this section (Iowa has long had the lowest percentage of illiteracy in the United States) is thus shown to be an exceptionally fertile soil for the growth of superior intelligence.

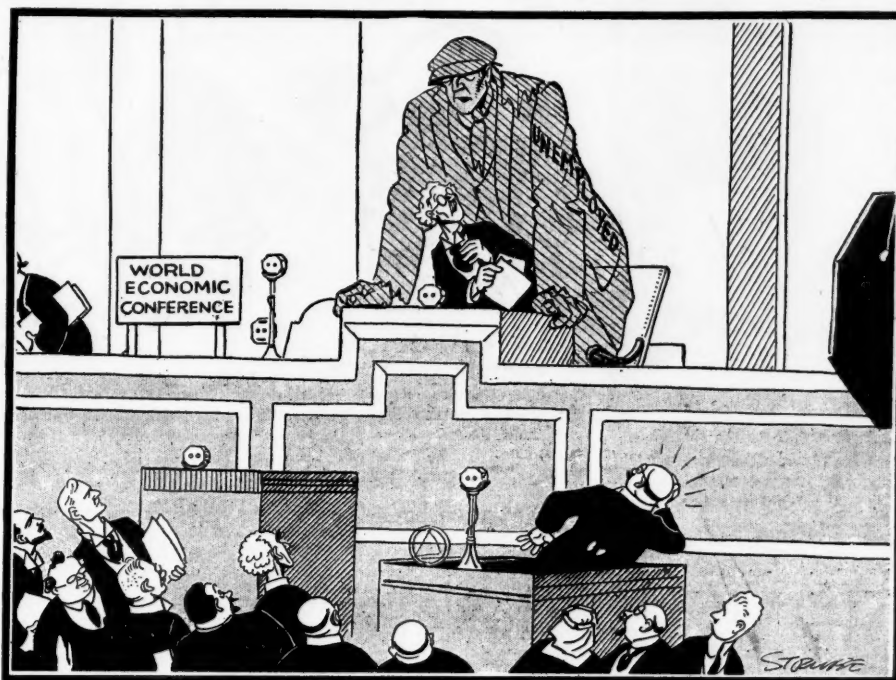
Is it important that this fertile soil be kept under cultivation? Yes, it is, and some exceedingly interesting figures supporting this answer are to be found in a recent study of the distribution of American men of science by Dr. J. McKeen Cattell. He bases his findings upon the fifth edition of the *Biographical Dictionary of American Men of Science*. Summing up the changes in the production of leading scientists by the various states and sections during the period from 1906 to 1932, he notes that the shift in distribution of the birthplaces of such men is very significant for so short a period in the history of the nation.

New England has lost its supremacy as the mother of scientists. Massachusetts, for example, has declined steadily from 134 in 1906 to 100 in 1910, to 80 in 1927,

and to 72 in 1932. During the quarter century from 1906 to 1932, New England as a whole shows a decline from 241 to 108. The middle states of New York, New Jersey, and Pennsylvania show a similar, though less marked, decrease from 277 to 188. The one section of the country where there has been a rapid general increase during this period is the central northwest, comprising the states of Illinois, Iowa, Minnesota, Missouri, Nebraska, and Kansas. Here the number of scientific men of note produced between 1906 and 1932 has risen from 89 to 244. States to the east and south of the north central group show no corresponding development. And in the far west it is surprising to find a very small increase in the quota furnished by California, in spite of the greatly enlarged population on the coast.

The situation in Iowa is paralleled in all the midwest states. Here, the excellent results indicated in the diffusion of education in this region have been obtained at a moderate price. The only extravagance has been in the erection of unnecessarily elaborate school buildings, usually on bond issues which became a heavy burden when the earning power of the community was drastically reduced. School salaries have remained at a low level, far below the standards of the eastern states. Iowa made a modest attempt to fix by law a minimum wage of \$100 a month for teachers with first-class certificates. However, this proved to be a boomerang when the depression led harassed school boards to pass over such teachers in favor of others with inferior preparation who could be secured at a lower wage. The law has now been repealed, but a new teachers' certification law has been (Continued on page 60)

Foreign Cartoons of the Month



THE DELEGATE
FOR 30,000,000
UNEMPLOYED:
"So you start
real work this
week, gentlemen.
Well, good luck
to you—I shall
still be standing
by!"

From the London
Daily Express



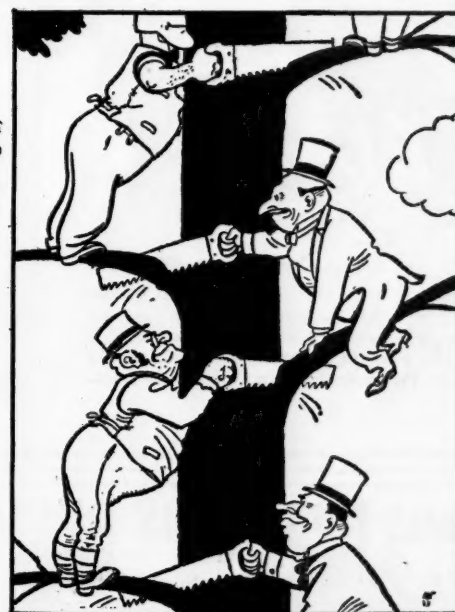
From the Glasgow Bulletin

THE WORLD (to the Economic Conference):
"Do something, gentlemen. I'm no Houdini."



From the Cardiff South Wales Echo
"SILVER THREADS AMONG
THE GOLD"

England's token payment on her
war debt instalment due to
Uncle Sam on June 15 was paid
in silver.



From Pravda (Moscow)

THE PREPARATION for the London Economic
Conference as viewed by a Russian cartoonist.



1931

1932

1933

THE TRANSFORMATION
IN GERMANY

From *Il 420*,
Florence, Italy



From the London Daily Herald ©

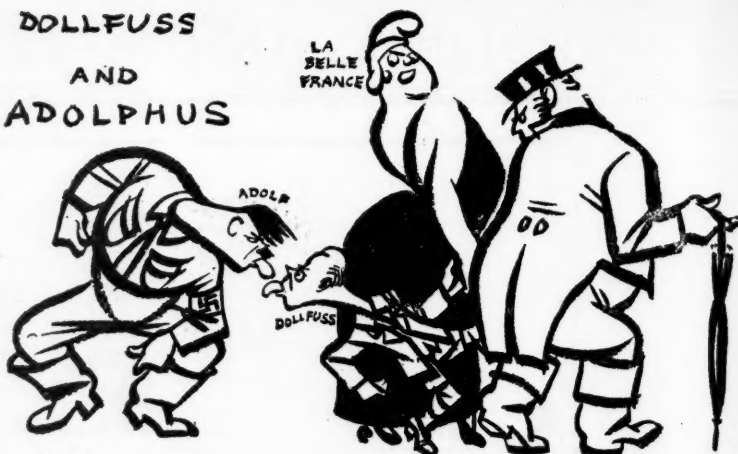
HITLER: "The day is ours; the Boy Scouts are in full retreat. Now to break the proud spirit of the Girl Guides and Germany is ours."



From Mucha, Warsaw

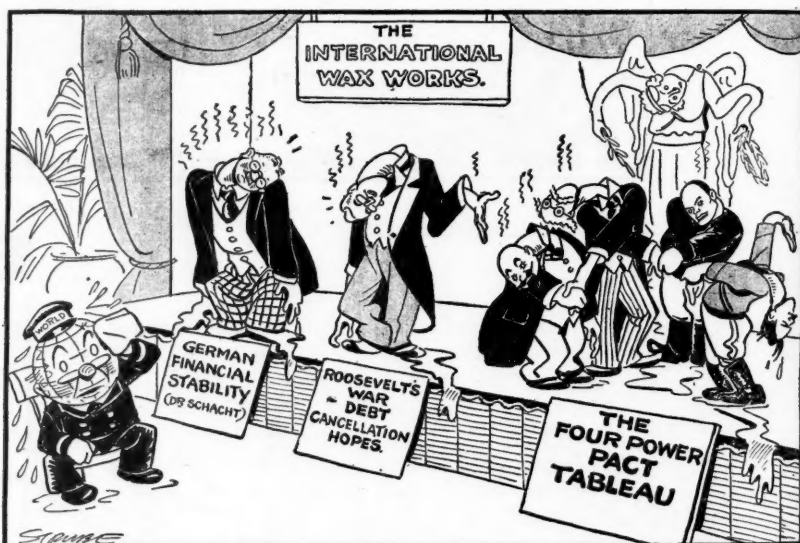
MUCH shoe blacking will be needed by Hindenburg and Hitler, according to this Polish view, to restore the Imperial Eagle after the redness of the last twelve years.

DOLFFUSS AND ADOLPHUS



From the London Express

FRICITION caused by German sponsorship of Nazi influence in Austria is Europe's most supercharged worry at the moment. Austria's diminutive chancellor, Engelbert Dollfuss, has not hesitated at wholesale arrests and a show of machine guns on the German frontier.



From the London Daily Express

A PERPLEXED WORLD TAKES STOCK AFTER THE HEAT WAVE



From Esquella (Barcelona)

RUSSIA OF YESTERDAY—AND—RUSSIA OF TODAY



ANOTHER LITTLE PACT WON'T DO US ANY HARM

From the London Express

UNCLE SAM: "Madame, for all practical purposes, I am a total abstainer."

The March of Events

June 16 to July 17

Economic Conference

Currency stabilization becomes the first serious stumbling-block at London.

CURRENCY STABILIZATION proposals submitted to President Roosevelt from the World Economic Conference are thus far not acceptable to the American Government, Acting Secretary of the Treasury Acheson announces (June 17). Although the announcement continues that "all realize the importance of currency stabilization", it is understood that government officials do not wish to agree to a hasty stabilization agreement at a time when the American price level has started to rise under the impetus of the domestic recovery program. "We just have not arrived at a place where we can pick out a particular point where stabilization should take place", Assistant Secretary Acheson comments.

FRENCH, Dutch, Swiss, Belgian, and Italian delegates to London—representing the five chief gold standard countries—attempt (June 28) to secure English participation in a public announcement stating that there should be currency stabilization and that, while regretting American inability to participate, these countries would attempt to arrange an immediate form of stabilization among themselves. On the previous day, the gold-standard countries had met to discuss methods of assisting each other in adhering to the standard.

"THE SOUND INTERNAL economic system of a nation is a greater factor in its well-being than the price of its currency in changing terms of the currencies of other nations", President Roosevelt tells the London Conference in a message rejecting previous stabilization proposals (July 3). "I would regard it as a catastrophe amounting to a world tragedy if the great conference of nations, called to bring about a more real and permanent financial stability and a greater prosperity to the masses of all nations, should, in advance of any serious effort to consider these broader problems, allow itself to be diverted by the proposal of a purely artificial and temporary experiment affecting the monetary exchange of a few nations only." The message, issued in London by Secretary Hull, stuns the Conference by its definite rejection of the once-lauded stabilization idea.

SECRETARY HULL and the American delegation receive instructions from the President (July 4) to use their utmost energy in preventing the collapse of the Conference, and to direct its efforts to consideration of important items on the agenda which are not included in the tabooed stabilization proposals. Previously (June 24) Secretary Hull had said

that the American program for national recovery need not bar international co-operation in an attempt to achieve world prosperity. Acting on the Presidential suggestions, Secretary Hull offers a list of problems to be solved. They include: price levels, credit policies, trade restrictions, "war-breeding trade practices and methods". "We would betray the responsibility laid upon us were we to adjourn the conference in the face of the first troublesome issues which beset our paths."

ASSISTANT SECRETARY OF STATE Raymond Moley returns to the United States (July 13) after a hasty visit to London and the Conference. Accompanied by Herbert Bayard Swope, he had left the United States on June 21 and spent several days in conferring with Conference delegates.

JULY 27 is set (July 14) as a date for temporary adjournment of the Conference. No time limit is set for the length of adjournment, but it is expected that the Conference will be recalled in October. The Conference organization is to remain intact, ready for resumption at that time or earlier.

The Nation

The recovery program . . .
Repeal . . . R. F. C. and the
Soviet . . . Super-cabinet.

SPEAKING OF THE National Industrial Recovery Act (June 16) President Roosevelt calls it "a supreme effort to stabilize for all time the many factors which make for the prosperity of the nation and the preservation of American standards". It is "the most important and far-reaching legislation ever enacted by the American Congress". It was "passed to put people back to work—to let them buy more of the products of farms and factories and start our business at a living rate again. . . . We have worked out our plans for action. Some of it will start tomorrow". On the following day, the President arrives at Marion, Massachusetts, where he boards the schooner *Amberjack II* for a holiday cruise to his Campobello, N. B., home.

THE NATION's unidentified ten largest industries are urged by General Hugh S. Johnson, administrator of NIRA, to speed their work in preparing codes of fair competition (June 20). Five days after thus advising these industries that his organization is ready and eager to consider their self-developed codes before submitting them to the President for his required approval, General Johnson urges all employers to shorten working hours and raise wages in an attempt to hasten business revival.

AMERICAN FEDERATION of Labor figures indicate (June 21), that since April 1 more than 1,500,000 persons have been reemployed. The figure amounts to a 12 per cent. drop in the total number of America's unemployed.

AN EIGHT-MONTH postponement of hearings on the railway labor wage dispute is arranged (June 21) by Joseph B. Eastman, coordinator of transportation under the new railroad relief act. It is announced that the decision is made possible because neither railway labor or capital wishes to do anything "which would in any way embarrass or threaten the present policy of the Administration". At a meeting of the regional coordinating committees of eastern, southern, and western rail groups (July 14) the Coordinator tells rail leaders that present conditions do not justify large executive salaries and that they must be reduced.

WHEN HE TAKES office as head of the Tennessee Valley Authority (June 22), Arthur E. Morgan sets a precedent for other public servants by listing with the Secretary of State all personal property owned by himself and his immediate family. He announces his intention to file a similar document when he relinquishes his office and its "responsibility for certain public money and public property".

FOR THE FISCAL YEAR ending June 30, Treasury figures indicate (July 1), the United States Government had a deficit of \$1,786,000,000—reducing the deficit for the preceding year by more than \$1,000,000,000. The better financial condition is attributed chiefly to a cut in expenditures, as receipts amounted to only \$74,000,000 more in 1933 than for the preceding fiscal year.

AMERICAN EXPORTERS are to be loaned \$4,000,000 with which to finance the sale of some 75,000 bales of cotton for shipment to Russia, it is announced (July 2) by the R. F. C. It is the first time since the World War that the United States Government has been in any way connected with fostering trade relations with the Soviet.

A SPECIAL MESSAGE (July 8) from President Roosevelt to Leon McCord, National Democratic Committeeman for Alabama, urges the voters of that state to go to the polls on July 18 and elect wet delegates to the state repeal convention scheduled to be held in August. Iowa, Connecticut, and New Hampshire had all voted wet (June 21); and West Virginia and California became (June 27) the fifteenth and sixteenth consecutive states to vote in favor of the proposed Repeal Amendment.

PRESIDENT ROOSEVELT signs (July 9) the first of the industry codes proposed under NIRA. Under its terms, the cotton textile industry provides for the abolition of child labor, establishes a forty-hour work week, and fixes minimum wages in the north at \$13 a week and in the south at \$12. The code, which goes into effect a week later, had been submitted (June 19) to the Industrial Recovery Administration for approval. Following its Presidential sanction, an executive order (July 16) brings the silk and rayon industries within its terms.

A SO-CALLED super-cabinet to supervise the work of the national recovery program and see that its parts function in unison is organized (July 11) by the President. It is to be composed of all regular cabinet members and the heads of the various recovery agencies authorized by Congress. Weekly meetings are to be held.

THE EXECUTIVE'S Cabinet Advisory Board on public works, attempting to speed up the \$3,300,000,000 works program approved by Congress, announces (July 13) that the entire country is to be divided into ten zones. In each zone a key city will be selected, and from each a special regional administrator selected by the President will supervise the development of the works program.

A TREMENDOUS farm relief program is put under way (July 14) as President Roosevelt orders a processing tax of 4.2 cents a pound on cotton. Ordering the tax imposition had been delayed until the Government had successfully concluded its campaign to persuade cotton growers to reduce their acreage. Secretary Wallace announced (July 14) that the campaign had resulted in promised destruction of 3,500,000 bales of cotton growing on some 9,000,000 acres throughout the south.

International

The League in South America . . . Geneva adjourns . . . Active Russia.

THE AREA in North China made neutral by last month's Chinese-Japanese truce is declared an independent state (June 23). A group of powerful Chinese generals, who had allowed Japanese forces to pass through their lines and drive loyal Chinese troops southward during the campaign preceding the recent truce, make the independence proclamation.

FOR THE FIRST TIME, the United States gives precedence to the League of Nations in the western hemisphere (June 27). The action is taken when the Pan American Union's Commission of Neutrals—which has been arbitrating the Chaco dispute between Paraguay and Bolivia—withdraws from the negotiations, leaving the rôle of mediator to the League. The Commission declares that if "there is more than one center of negotiation, confusion and lack of agreement are the inevitable results".

THE WORLD Disarmament Conference adjourns (June 29) until October 16. In

the meantime, Arthur Henderson, president, is to attempt to reach a compromise plan in private talks with representatives of the conferring nations. It is later announced in Washington (July 6) that Norman H. Davis, chief United States delegate, who has been in this country to consult with the President, will not return to Geneva until September.

ALMOST simultaneously (July 1) Great Britain and Russia remove the trade restrictions which had been in effect since last March when Russia arrested six English engineers. Two of the six had been held since then on charges of sabotage, but as the trade barriers are lifted, they are released.

EIGHT SMALL POWERS adjacent to Russia join with that power in signing (July 3) treaties which define an aggressor nation and affirm that such definition is a further safeguard to the Briand-Kellogg anti-war pact.

FINAL APPROVAL of the four-power pact, following its acceptance by the four governments concerned, is given (July 15) as representatives of Italy, France, Great Britain, and Germany meet in Rome. The document they sign is designed to supplement the League of Nations in a new attempt to revise war treaties and maintain European peace for the ten year period in which it is to remain in effect.

Aviation

Long distance flights of the month.

JAMES J. MATTERN, missing since June 14 when he disappeared in an attempt to make a solo round-the-world airplane flight, sends word (July 7) that he is safe at Anadyr, Siberia. His airplane had crashed in the desolate Siberian waste-lands.

COLONEL and Mrs. Charles A. Lindbergh leave New York (July 9) in a projected flight to Labrador, Greenland and Iceland. Their announced purpose is to investigate the possibilities of regular airplane service to Europe by the northern route, and they plan to make the trip in easy stages.

GENERAL ITALO BALBO, ace Italian aviator, and his fleet of twenty-four Italian seaplanes and 100 men reach Chicago and the Century of Progress Exposition (July 15), after flying from Italy. At several of the stopping places they were delayed by bad weather so that, although the flying time was slightly under 48 hours, two weeks were necessary to complete the 6100 mile journey over Europe, the North Atlantic, and Canada.

WILEY POST, starting out on a round-the-world solo flight, makes his first hop (from New York to Berlin) in 25 hours and 45 minutes (July 15) and wins the distinction of being the first to fly direct from New York to the German capital without stopping.

Germany

Nazis move toward complete control of the Reich.

AS A RESULT of Austro-German friction over unwelcome Nazi actions in Austria, the Austrian Government forbids (June 19) any Nazi political activities, formation of any other political party under Nazi sponsorship, or the wearing of the party badge.

GERMANY dissolves the country's second largest political party, the Social Democrats (June 22). A Governmental decree states that all Socialists must be removed from the nation's public offices, that the party lose its seats in the Reichstag, and that the State seize the party's funds and properties.

CHURCH and state become closer in Germany (July 8) as Colonel von Papen, for Germany, and Cardinal Pacelli, for the Catholic Church, sign a concordat. Terms provide that the clergy will take no part in German politics; and that the State will permit the existence of the Catholic Action as a non-political organization. At the same time, the Vatican withdraws support from the German Catholic Center Party.

Obituary

O. L. BODENHAMER, 40. Former National Commander of the American Legion—(June 19).

CAPTAIN WILLIAM THOMAS TURNER, 77. Commander of the *Lusitania*, rescued from the sea after she was sunk by a German submarine—(June 23).

DR. RICHARD TRAVIS ATKINS, 49. One of the country's leading eye, ear, nose, and throat specialists—(June 27).

ROSCOE C. (FATTY) ARBUCKLE, 46. Famed comedian of the silent moving pictures—(June 29).

ALBERT RUSSEL ERSKINE, 62. President of the Studebaker Corporation—(July 1).

HIPOLITO IRIGOYEN, 80. "Grand old man" of Argentine politics. Twice President of the Republic—(July 3).

BENJAMIN BAKER, 61. Widely quoted editor of *The Analyst*—(July 4).

CHARLES NATHANIEL HASKELL, 73. Served from 1907 to 1912 as first Governor of Oklahoma—(July 5).

SIR ANTHONY HOPE HAWKINS, 70. As Anthony Hope, author of "The Prisoner of Zenda" and other romances of the nineties—(July 8).

JOSEPH URBAN, 61. Internationally known architect, designer, and scenic decorator—(July 10).

HAROLD DE FOREST ARNOLD, 59. Research engineer and scientist responsible for many improvements in telephone communication—(July 10).

IRVING BABBITT, 67. Harvard professor. Author of literary and philosophical criticism. Exponent of the "new Humanism"—(July 15).

◦ ◦ A DEPARTMENT OF CIVIC ACHIEVEMENTS ◦ ◦

In Coöperation with the American Civic Association

St. Louis Revises Her Map



Drawing by Hugh Ferriss

MEMORIAL PLAZA, St. Louis' Civic Center, as it will look when it is completed. The Civil Courts House (center background) has been erected and the Municipal Auditorium (right) is now under construction.

ST. LOUIS, fifth in size in American cities, is remaking her map to provide a physical city which shall serve the convenience and comfort of her growing family of citizens.

Planning was an early development in St. Louis. In 1764 French merchants from New Orleans chose this site to establish a settlement on the Mississippi to promote trade between their company and the Missouri River Indians. A map dating that year bears the title *Saint Louis des Illinois*, naming the new trading post after the patron saint of King Louis XV of France. That early map depicts three long streets paralleling the river front and lying under the bluff, with seventeen or eighteen short transverse streets cutting the land into conventional squares numbered from one to sixty-four. Beyond this lay common fields for pasturage, wood supply, and cultivation. In 1804, after Napoleon had sold Louisiana to the United States, the street system was about the same but the number of buildings had increased. In subsequent years the boundary of the city extended westward to Eighteenth Street. And in 1907, three years before the first National Conference on City Planning, and when the city had spread like an octopus over the surrounding territory, the Civic League of St. Louis issued a plan, a pioneer among modern city planning reports.

The official plan commission created in 1911, made a series of significant studies in which special attention was given to one of St. Louis' greatest potential assets—its long Mississippi River front. The latest report, prepared by Harland Bartholomew, was issued in 1928, and outlines proposed improvements, some of which are under way.

Mr. Bartholomew points out that the

remnants of the old French city from Third Street to the river, under the ledge of the bluff, have been forsaken because of the westward growth of the city; the decline of early forms of river traffic; the inaccessibility due to narrow streets and bad grades; and obsolescence of large numbers of buildings.

If plans for suggested changes are carried out, this district will be transformed. A double-deck street, built at the edge of the bluff, will at once provide a handsome boulevard, and, on the lower level, a much needed public parking space and garage facilities with ultimate capacity for 8000 automobiles.

ELABORATE plans made for a civic center are being carried out. The visitor to St. Louis sees crews of men busily demolishing obsolete structures from the space acquired for open squares and public buildings. The long fight to locate the post office and federal building as a part of the civic center group has been won. The new court house, at first designed as a low building, has been altered to give it height so that it may balance a tall private building with which it faces the end of the civic center. The city hall, municipal courts building, municipal auditorium, and public library, are grouped around open spaces, allowing room for the addition of other public structures. When completed, the St. Louis civic center will be one of the most impressive in any American city.

It is interesting for visitors to see the city itself in this gradual process of change. The narrow lanes of the old French quarter are being replaced by wide thoroughfares to give approach to the business district. The same kind of broad streets is being used also to

bound the commercial section and definitely discourage that most wasteful form of growth and change—the displacement of residence areas by the outward push of business.

All of these improvements could not have been brought about by official action alone. Collective civic loyalty and organized citizen support are necessary to undertake projects which involve heavy drafts upon the taxpayers. In St. Louis, though there have been occasional lapses, the citizens have kept their civic muscles exercised. Consequently when emergencies have arisen or when broad constructive programs have been presented they have been ready to act.

Back in 1904 a group of citizens headed by former Governor David R. Francis, projected and produced the Louisiana Purchase Exposition. The project was an outstanding success. After seven months, not only did the exposition company find itself in possession of \$1,000,000 above expenses, but two permanent buildings were left to the city—the magnificent art gallery and the vast bird cage in Forest Park. The surplus funds were used to build a memorial to Thomas Jefferson which now contains historical objects including the Lindbergh trophies.

In 1914 the "Pageant and Masque of St. Louis", produced by Thomas Wood Stevens, Percy MacKaye, and Joseph Lindon Smith, was an evidence of citizen coöperation on a large scale. "If we learn to play together, we will learn to work together", said Miss Charlotte Rumbold, then director of Public Recreation and now Secretary of the Committee on City Plan of the Cleveland Chamber of Commerce. "If we hold this pageant we can get a new city charter

and build our municipal bridge which has stood unfinished for six years", said Park Commissioner Dwight F. Davis. Both prophecies came true. The pageant achieved success and the civic enthusiasm roused engendered other public enterprises.

A Council on Civic Needs in 1922-23 carried through the movement for an \$87,000,000 bond issue for public improvements to be built in a ten-year program. Plans are only plans unless they are put into execution. The bond issue, applied to capital improvements, issued on a serial plan, was conservatively conceived and financed so that even in these hard times the finances of the city of St. Louis are in sound condition. Work is going forward and when prosperity returns St. Louis will find herself a modern metropolis enriched by public projects and private undertakings. In the years following the passage of the bond issue, the need for a permanent organization to coordinate civic efforts was felt keenly. Luther Ely Smith, who had been a member of the legislative committee of the Civic League which published the 1907 plan, and active in the many civic endeavors of the intervening years, played a leading part in setting up in St. Louis a permanent Council on Civic Needs. The Council is composed of delegates from 142 constituent associations, and works closely with the Civic Development Committee of the St. Louis Chamber of Commerce.

Work on the street-widening projects was lagging. Condemnation proceedings were dragging. There was no indication as to when the court proceedings involving pending projects would be terminated. Through the new Council on Civic Needs the larger condemnation projects were specially assigned to judges who volunteered to dispose of these troublesome cases. The city adopted a plan of selling benefit judgments enabling it to realize on frozen assets at once at 95 cents on the dollar.

The existing widened streets and the demolition of condemned buildings are sufficient evidence of the new life which the council has put into the planning projects of St. Louis. Through periodical checks of the council, all sorts of municipal projects are kept moving and the St. Louis plan is kept a live issue, always before the citizens. As long as the council remains active, there is every reason to believe that the proposed river front plan will be built, just as the widened streets and civic center already are changing the map of St. Louis.

Pioneer Memorial in Kentucky

SCULPTOR Ulric H. Ellerhusen and architect Francis Keally have designed a monument to mark the first permanent settlement of the west which is now being installed at Pioneer State Park, Harrodsburg, Kentucky. Their design, chosen from among many submitted to a jury appointed by the War Department, was recently approved by the National Fine Arts Commission. The monument will cost \$100,000 and will be completed in October.

A series of granite stairways and terraces lead to a wide plaza surrounded by a stone wall and benches. Facing the steps is a giant frieze, twelve feet high by thirty feet long, composed of three huge granite blocks. When completed, the central panel will contain the figure of Brigadier General George Rogers Clark superimposed against his horse. General Clark, it will be remembered, carried on the war in the west directly after the Revolution, which finally brought the Northwest Territory into possession of the United States. On the panel to the right, a pioneer woman holding a baby is taking leave of her husband as he sets out on the Clark expedition; and to the left are two pioneer woodsmen. All of the work is in alto-relief, and the story is told by suggestion rather than detail.

Enclave of Economic Rent

INSPIRED by the philosophy of Henry George, the town of Collierville, Tennessee, has adopted legislation which will make it the first municipal enclave of economic rent in the United States, writes Marshall J. Smith in *The American City*. Collierville has only 1000 inhabitants and it has been driven to the experiment by the depression. An act passed by the state legislature last April gives the Mayor and Aldermen authority to buy land within the town limits and rent it for the annual economic rent. Mr. Smith quotes the law defining economic rent as "such annual payment for the rent of land as represents the value included in the right to use the bare land, exclusive of the value of any character of improvements on said land such as buildings, crops, and trees, less any municipal taxes that may be assessed upon the lessee and upon any of said improvements". Ninety-nine years is the limit of the lease, and rent is to be determined by the governing body of the town each year. The law was fostered by Abe D. Waldauer, Assistant City Attorney.

There are said to be fifteen enclaves of economic rent in the United States and Europe. Collierville is the first strictly municipal one in this country.

Housing Survey Speeds Action in Delaware

A YEAR AGO Delaware put unemployed engineers and draftsmen to work making a survey of housing conditions in the state. Today the State Housing Board, created by the Legislature last May, is taking over the program recommended as a result of that work. The investigation in the city of Wilmington was probably the first of its particular kind in this country. Writing in *The American City*, Mrs. H. Duey Hoffman describes the findings, the action taken, and the program which has now been adopted by the Housing Board. She writes:

Wilmington now knows where its tuberculosis area is and why; its delinquency area and why, as influenced by bad housing; where its sheriff's writs are most prevalent and why; the amount of doubling-up of families; what is the

relation of income to available housing; the area of needed rehabilitation; and the price range for new housing.

Following the Philadelphia plan originated by Dr. Frank Parker, the Wilmington Chamber of Commerce initiated a "renovise" drive with a \$500,000 goal for this city of 110,000. Unlike the Philadelphia method, the pledges were secured not by women but by men on unemployed relief funds. The women, through the State Federation of Women's Clubs, have offered their services in a campaign to make the pledges effective.

The next step in the Wilmington housing program calls for new construction in the indicated price ranges. Two types of construction are being studied, the individual row house with front and back yard at about \$5 per room, and the apartment house of two, three, and four stories in height with community gardens and playgrounds. The fourth step will be a city planning program to restore and to protect values and proper development.

August at Chicago Century of Progress

AUGUST 1, 2, 3—Central States Rowing Regatta, Lagoons.

August 4—North Carolina Day, Court of States.

August 5, 6—National Canoeing Championship, Lagoons.

August 6—100 singers from Birmingham, Alabama, Floating Theater, 8:10 to 9:15 p. m.

August 7 to 12—The Essex Scottish Regiment and Bagpipe Band of Windsor, Canada.

August 10—Missouri Day, Court of States.

August 11—Illinois Day. Same.

August 13—German Day, Hall of Science, 12:00 to 6:00 p. m.

August 14—Rhode Island Day, Court of States.

August 16—Vermont Day, Court of States—Chicago Civic Chorus Concert, Hall of Science, 9:00 to 10:00 p. m.

August 17—Ukrainian Day, Court of the Hall of Science and Soldier Field.

August 17 to 21—National Music Camp Concerts.

August 19—Chicago Tribune Music Festival, evening, Soldier Field.

August 20—Czecho-Slovak Day, Soldier Field, afternoon; Hall of Science, 6:00 to 10:00 p. m.—William Randolph Hearst Gold Cup Motorboat Regatta, North Lagoon, 11:00 a. m. to 4:00 p. m.

August 21—Montana Day, Court of States.

August 22—Georgia Day. Same.

August 23—Texas Day. Same. "Aida," Houston Civic Opera Association of Houston, Texas, Soldier Field, evening.

August 25 to September 10—Rodeo, Soldier Field, afternoon and evening.

August 26—Hungarian Day, Hall of Science, 6:00 to 10:00 p. m.

August 27—Austrian Day, Hall of Science, 2:00 to 6:00 p. m.—Outboard Motorboat Regatta, North Lagoon, 11:00 a. m. to 4:00 p. m.

August 28—South Carolina Day, Court of States.

August 30—North Dakota Day. Same.

August 31—Netherlands Day, afternoon. Hall of Science, 2:00 to 6:00 p. m.

Trading Culture for War Debts

By JOHN CROWNE RANSOM

From THE SEWANEE REVIEW

THE WAR DEBTS represent a trade never completed. And why not completed? The trade was entered into with enthusiasm on both sides, though the consideration on one side was not yet defined. We had goods to sell, and Europe wanted them badly; we delivered them, and for the time being were content to hold her promissory notes, which was as if to say that she stood ready to make return up to the specified value in any of her material goods that the credit would buy. And now we confess that we are unable to discover anything in Europe upon which we care to spend the credit.

It is true that the contract, after the manner of contracts, which are abstract documents, refers only to money. It was money that we supplied; it is money that we ask in return. But money is only the algebra of trade, not at all its human or economic reality. Money is a credit, waiting to be realized in actual goods. We could not have furnished the money to Europe except on the understanding that it was a credit to be used in the purchase of our goods; and Europe cannot return the money except as a credit for the purchase of her goods.

Is it true that Europe has no goods which we desire? Strange as it may seem, it is perilously near true. But if that is going to be our final conclusion, we had better tear up the papers with our own hands, and with what grace we can; for the alternative is to see the party of the second part tearing them up, and, in that act, loosing both upon these states and upon the best nations of Europe such evil spirits as are supposed to afflict the savage tribes. . . .

Until recently I was, however reluctantly, a cancellationist; fortifying myself as I was able to find myself increasingly in good company in holding this view. Yet it was clear enough that Europe ought to pay; there was a moral equation which would remain sadly unsatisfied if she came scot-free out of her plainest obligations. From this point of view cancellation was wholly unacceptable, and the instinct of the American public was right. But what was there which Europe could pay us? . . .

One of our regular imports from Europe, for which we pay handsome prices, yet which no domestic producer scolds us for bringing in, is an article which is fairly intangible. Europe, racially and culturally, presents to us like-minded Americans an astonishing number of local varieties of language, art, drama, music, architecture, history,

learning, jurisprudence, religion, education, agriculture and horticulture, medicine, science. By the usual estimate, a great deal of accumulated wisdom lies there to be appropriated by the American student; by the lowest account, a great deal of material to be critically examined.

We have steadily imported from these sources what we may call "education". We purchase it in European colleges, universities, theological seminaries, art schools, conservatories, medical schools, institutes of science. We also purchase it indirectly, not paying tuition charges, but paying our way in Europe and working in art galleries, libraries, museums, or making contact with European life at the point where our interest lies. American pupils, and artists, and scholars-without-portfolio go abroad and obtain learning and technique at a heavy personal expense. But those who go are not necessarily the worthiest, and do not always confer upon us a great benefit when they return. And many others would go if they could who would come back and enrich our American life.

I propose, then, that we convert war credits, otherwise worthless, into a fund for higher education on an unheard-of scale; the place of study to be Europe; the beneficiaries to be those Americans who seem likeliest to use their opportunities wisely and patriotically.

Let us ask Britain, France, Italy, and the smaller debtors to provide both the instruction and the facilities for study for certain highly selected quotas of American men and women annually for

the next fifty years. They are to maintain our scholars in such funds as may be necessary and specified. They may take our scholars over and bring them back in their own merchant vessels if they like. But the cost of transportation, instruction, and maintenance they are to bear, with the understanding that here is the way to retire their honest obligations without touching the problem of gold and exchange, and without going outside their own currencies.

I am thinking of an annual number of scholars which would reach well into four figures but not into five. The whole question here would be: At what figure would the scholarships be really distinguished, and find responsible applicants, and yet be so widely distributed that they would amount to a public influence? It would be easy, and fatal, to cheapen them by multiplying. If kept under ten thousand in number, they could scarcely cost much beyond twenty millions a year, or a billion in the fifty years' aggregate. A billion dollars in higher education becomes then the return to us on ten billions in material commodities. Is it a fair return?

It is at any rate a return, and otherwise, so far as I can see, we shall get no return at all. It should be easier to sell the Senate the idea of payment in education than the idea of cancellation which is no payment. But I would go much further, and say that it is an excellent return—provided the debtor countries make it with some enthusiasm and with all their intelligence. Which is precisely the event I should expect.

The Curse of Salesmanship

By R. L. DUFFUS

From THE VIRGINIA QUARTERLY REVIEW

I AM still in what is optimistically called the prime of life, yet as I look back over the changes in environment through which my generation and I have passed I seem to be peering into depths of time more like four and a half centuries than four and a half decades. Sometimes I think we are like those deep-sea fishes which Mr. Beebe's dredges have brought to the surface near Bermuda and I wonder why our eyes do not pop out and our body cells explode. Sometimes, dallying with another figure of speech, I think an archeologist, digging and chipping away at our

souls, would find layer after layer of distinct civilizations, separated by what would appear to him to be many feet of slowly-accumulated dust and debris.

My own three civilizations are typified for me by three communities in which I happen to have lived—one in Vermont, which I shall call Centerville; one in California, which I shall call the Santa Rita Valley; and one in New York, which I shall call New York City. I can detect few resemblances among these communities, except that all three were—and I believe still are—inhabited by human beings.

FROM THE MONTH'S PERIODICALS

Continued from
preceding page

The author describes Centerville as the typical New England community of thirty or forty years ago—peaceful, hard-working, self-contained, untouched by modern conveniences and traffic with the outside world. Santa Rita was the small college world of Southern California, all sunshine and unreality. In its classic atmosphere, the past was one with the present. But that was before the days when the tourists and new rich had found their way over the Sierras. These places have been irretrievably lost to American civilization. Mr. Duffus seeks the reason. The author continues:

Looking out from mid-Manhattan it is hard to believe in the reality of those two communities, Centerville and Santa Rita, as I knew them. I seem to have read of them in a book—a book which would now be dismissed by the critics, I suppose, as belonging to the literature of "escape." Certainly they have nothing to do with anything I see or hear about me on Manhattan. They belong with the Athens of Pericles, the Europe of the Crusades, the England of Shakespeare—that is to say, without particularly resembling those countries or periods, they are equally remote from this Manhattan actuality. As positive forces in American culture they are just as dead. They are something I have lived through. I cannot return to them. Neither can any one else.

If this were merely the subjective experience of an individual it would have scant importance. Each of us, no doubt, passes through and recapitulates all the stages of culture. But Centerville and Santa Rita have not been transformed in my consciousness alone, but in objective fact. Their mountains stand forever, but men see them with alien eyes; their sticks and stones have not been scattered, but now they shelter strangers. Could I return to Centerville as it was in 1900, to the Santa Rita valley as it was in 1910, I too would be a stranger.

What is it that has vanished from those communities? One attribute, I think, was common to Centerville, child of Puritanism, and Santa Rita, which, for a brief moment before its vision vanished, felt vague after-stirrings of the Renaissance and the Golden Age. That element was tranquillity. In Centerville this may sometimes have been the tran-



Photograph from R. I. Nesmith & Associates

BLATANT SALESMANSHIP rests neither night nor day in Manhattan. Here is a night scene at Times Square in the heart of the theatrical district.

quillity of despair, in Santa Rita very often the tranquillity of an agreeable but not very productive animal ease. The men of Centerville fought a long, quiet war with nature, they did not compete with one another. Their worldly ambitions could not rise high. The flavor of their lives, such as it was—and I would be the last to contend that it was highly spiced—had to be gotten out of each day's living, out of social contacts at church, store, Grange, fair, or town meeting, out of victories over a stubborn soil, out of real if somewhat sad appreciation of the beauty of earth and the drama of the seasons.

IN SANTA RITA it did not seem worth while or necessary to struggle, even with nature. Nature was never hard and cruel there, as it often was in Centerville; hardness and cruelty had to be imported—and ultimately were—like foreign luxuries. The stage was set for leisure, for quietness, for the slow drift of the hours. The physical eye was restricted neither by overhanging mountain-tops nor by gargantuan skylines, and the spiritual eyes could likewise have seen far. But the doctrine that life is struggle, that each man's hand must be against his brother, was duly introduced, along with other modern improvements, from Pittsburgh, Chicago, and New York. So was the meaner doctrine that man exists not to create but to barter. In the end Adam and Eve took a course in salesmanship and ate the apple of success.

Yes, I think it is the rise of salesmanship as the supreme art in American culture that left Centerville hopelessly marooned among its hills, and in the Santa Rita valley put beauty and romance on leash. It is salesmanship, not creativeness, that accounts for the fierce beat of life on Manhattan—that appalling and fascinating surge of human energy. No one tried to sell himself in Center-

ville; quite a number did try in Santa Rita but they were not regarded as gods. But the people of Manhattan, of whom I cannot deny that I am one, are barkers in front of a side-show, and that side-show is our present civilization, a Coney Island stage of a culture which seems destined to sweep the world. If this civilization were able to confine itself to Manhattan and a few other large cities, Centerville and Santa Rita could go their calm ways undisturbed. But it cannot confine itself, it has felt obliged to devitalize Centerville and to vulgarize Santa Rita. It has done this clumsily, like an elephant stepping into a flower-bed. It has done it stupidly—witness the fatuous exhibition it has made of itself during the past four years. But it has done it with a kind of primitive force which makes its victory inevitable and, from a certain point of view, justifiable.

I look about me, rubbing my eyes, asking myself at times if this is not an agitated dream from which I will awake to the gray quietness of Centerville or the shining peace of Santa Rita. There are days when I arm myself with joy for battle and days when, if I knew where to run, I would run away. In this alternation of moods I suppose I am not alone among the ten millions of the New York region, nor the other tens of millions in other cities who find themselves caught in the same man-trap.

But it is particularly of my generation that I think, for I doubt that any generation has been so uprooted, so blown about, compelled to make so heroic an adjustment. And I ask myself, is this destruction of peace and beauty that we have witnessed a foreshadowing of doom, the beginning of a new age of barbarism, or is it only that we and our civilization together are arriving, with the great raw strength of disillusionment in our hands, at the prime of life?

Retreat from the Southern Mills

By CLARENCE E. CASON

From the SOUTHWEST REVIEW

AT ONE TIME the triumph of civilization below the Potomac may have been exemplified by the minuet, the julep, crinoline, and the long walk between elms leading through green lawns up to a verandah with modified Grecian pillars. But almost any cultural strain is able to live through eras of prosperity with a certain equanimity. The real test of the Dixie region followed the Civil War. That the southern tradition survived Reconstruction, even if it survived as little more than a group of imaginative symbols, is evidence of some sort of strength. And although the South undoubtedly lost a great deal in the decades following the Civil War, it gained in wisdom born of hard times.

During the stress of the present depression the Southerner, as a consequence of his schooling in adversity, possesses an acute advantage. He can be happy with a hole in his pants. Furthermore, he is adept at graceful loafing. . . .

Another advantage possessed by the Southerner during the current period of lamentation is that his sortie into industrialism has been comparatively tentative. At Times Square in New York a conspicuous sign recently invited the unsuccessful or weary citizens of the great city to join in a movement back to the land. At the office of the company which was promoting the movement one heard of calm stretches of land and cool farm houses awaiting occupancy in Vermont and New Hampshire. But trade was not brisk. The people in the metropolis have been away from the farm too long. Too many machines and too much industrial paraphernalia have come between them and the Jersey cow in the clover field. Such, however, is not the case with the people of Tennessee. Those who only a short while ago migrated from the limestone country of middle Tennessee or from the edges of the Great Smoky Mountains to the new mills of Chattanooga are still able to remember clearly their former homes on the hillsides or in the tobacco lands farther westward. Through generations, in many instances, they have been accustomed to going down to the factories when employment there has been at its height, and then returning to their peaceful homes when mill production has moved along a downward curve.

Those who know the hill country near Sewanee, Tennessee, so well described by Maristan Chapman in *The Happy Mountain*, are familiar with the periodic travels of its people into the strange adventure of the factory towns situated nearby, and with their casual homecoming when the adventure has palled. As a result of this well established trail between hillside and factory, breadlines have been of rare appearance in Chattanooga and Knoxville during the pres-

ent period of industrial quietude.

Even in Gastonia County, where a mushroom growth of northern mills flourished during the boom, factory workers were not really weaned from their folk-ways. Black pictures of labor conditions and strikes have been painted, but depression and unemployment actually held small terror for native workers. The author continues:

Hundreds of the workers, who three years ago came to draw the \$12 a week which seemed so munificent to them, have already returned to their small independent patches of land. Instead of weaving gingham on the great pounding factory machines, many of the women are back in the hills making hooked rugs and tufted bedspreads with their own hands, and the men are wandering the valleys with shotguns in search of squirrels, setting their traps for fur-bearing animals, or tending their own crops of corn and sorghum.

These simple ways of life they have pursued in the region of King's Mountain and Charlotte ever since General Morgan and Colonel Tarleton made history there. Looking narrowly from their highland fastnesses upon the vanities and mutations of the lowlands, they have struck their fiddle strings with hollow reeds and sung many a ballad of detached comment upon the shallow faiths and foibles below. For almost two hundred years the hardy mountaineers have viewed the lowlands with a tacit disdain not far removed from contempt, and have universally characterized them all as "furriners". . . .

The sweep of the factory into the South has many aspects which are analogous to the industrialization of Russia. In the first place, the zeal of the movement during the 1920's in the

South was similar to the Russian ardor for a machine economy. Again, the inherent lack of technical skill on the part of the southern population is comparable to the Russian situation. If the Soviet five-year plans should fail, it will be interesting to note the directions taken by the workers now industrially employed. Should the Russians suddenly find themselves caught in a stalled program of economic change, it seems logical to suppose that they, if free from dictatorship, would seek to return to their former ways of life.

That is exactly what the southern people have done under similar conditions. In 1928 the forces of industrialism and agrarianism were delicately balanced in the South. Each trend had its coterie of exponents. In conversation and literature, as well as in material competition, the two systems were arrayed against each other; they had not merged into a harmonious economy, but each still retained its separate characteristics. Now that the delicate balance has been rudely disturbed by a strong dip on the side of industrialism, the southern population has been able to revert to agrarian pursuits during the interval of adjustment.

In the hilly sections of Georgia, Alabama, and Tennessee the number of handicraft products offered for sale in small communities and along the highways has visibly increased during the past two years. Among the items being produced in larger quantities and being marketed with a fair degree of success are hand-made pottery jars and bowls, pine and oak chairs with ladder backs and woven textile or cane seats, fragrant balsam-fir and pine-needle pillows, hooked rugs and mats, hand-loomed cloth of wool and cotton mixtures, crudely artistic statuettes fashioned from wood or clay, miscellaneous boxes and cabinets of split wood of different colors highly polished with beeswax, and many varieties of the quaint embroidery characteristic of the hill folk. Much of this work represents the old-fashioned utilization of time and energy but a short while released from machine-tending at the retarded factories.

A Cat-Goofy Nation

By STANLEY WALKER

From VANITY FAIR

THE PHRASE-COINERS of the underworld, the same boys who learned to say that a prizefighter was a "slug-nutty" instead of punchdrunk, have invented "cat-goofy" to describe a man who is gun-crazy—that is, a man who has a curious predilection for the use of firearms, who likes to have guns around the house, who likes to fondle them, and, when his anger is aroused, to use them for homicidal purposes.

The phrase is new, but the trait it describes is as old as the American frontier. The most eminent American killers have killed with the gun. They found this method easier, safer, and

more spectacular than the outworn poisonings and hatchetings of the Old World. . . .

In exactly sixty-six cases out of 100 the American uses the gun in his slayings. Our more phlegmatic English-speaking cousins, in England and Wales, who have the same blood as the murderous Yankee, use the gun in only 7.9 per cent. of their killings. Why the difference? The best experts agree that there are two explanations: one lies in the customs of the country which date back to border days, when disputes were settled either with the fists or with the

Continued on page 61

New Dates for Old

Continued from page 42

private, would be allocated, respectively, each to its own definite day of the week. Easter could be really fixed. As to other holidays, if we examine the proposed World Calendar, here reproduced, we see that the Fourth of July would be a Wednesday, that Christmas would be a Monday conveniently following a recreational Saturday and Sunday, and that Thanksgiving, being the last Thursday in November, would fall on the thirtieth. It would be possible for every country to rearrange its holidays according to a schedule affording the maximum of rest and enjoyment.

THE WORLD CALENDAR is divided not into thirteen months but into twelve. Let us examine it carefully and note the obvious advantages.

In the unreformed calendar, the four quarters of the year are of unequal length. Respectively, they consist of 90 (or in Leap Year, 91) days, 91 days, 92 days, and 92 days. There is no reason for this disparity. In the World Calendar, each of the quarters has 91 days or exactly thirteen weeks, nor does Leap Year disturb this uniformity. So far as the quarters are concerned, the proposed reform may be described as 100 per cent. It could not be more complete.

Under the present arrangement, the lengths of the months are gravely anomalous. In the Augustan Era, these months were regarded less as a convenience for the public than as a means of glorifying the Emperor, which explains the long August, equal to July. Today, seven months have 31 days, four have 30 days and February has either 28 or 29 days. In statistical calculations, the arrangement involves errors of as much as 12 per cent. Precision of comparisons, let us say, of output from a plant or traffic on a railroad, is rendered impossible.

The World Calendar provides the utmost attainable measure of equalization for the months of the year. Eight of them will consist of 30 days, four will have 31 days. The percentage of inequality is reduced to less than a third of what it is today. Also, it will be noticed that the four longer months contain five Sundays while the eight shorter months contain only four Sundays. This means that all the months, without exception, have 26 week days and that, to this considerable extent, they have been absolutely equalized. Each quarter begins with the beginning of a week and ends with the end of a week. And in each quarter, a long month is followed by two short months. Every quarter is thus uniform as regards weeks and months with every other quarter.

That these would be great advantages, no fair minded person will deny. Yet is there not a difficulty to be faced? By what legerdemain are we to transform a year of 365 or 366 days into a year of only 364 days?

Calendar reformers have boldly cut that Gordian knot. The last day of December would fall on a Saturday. They propose to intercalate a world

holiday called Year Day between that Saturday and Sunday, January 1. Similarly, in Leap Years, there would be a holiday intercalated between Saturday, June 30 in the new calendar, and Sunday, July 1. It is suggested that these festivals, observed by all races and religions throughout the commonwealth of all nations, might be celebrated most appropriately as occasions of universal brotherhood.

It is objected that the week adjoining Year Day or Leap Day will be lengthened in effect to eight days. Into the misgivings of the Jews and of Christian Sabbatarian denominations, it is

Government in a Changing World

Continued from page 34

the Constitution, to revitalize the powers it was intended to create, many of which had been obscured in the interest of economic aims and purposes which have now become oppressively obsolescent. Those who wrote that great state paper were wise and bold. The best of them, although they disagreed on details, were struggling to meet a crisis which, in some important respects, was not unlike that now confronting us. They were fighting economic disorganization fostered by inadequate centralization.

Governmental action was considered as, at best, a necessary evil. To check-and-balance government to a point just short of inaction was the desideratum. The prevailing constitutional theory—and therefore the constitutional law—corresponded to this prevailing economic outlook.

At the center of this constitutional law was the conception of government as policeman. Government was to stop flagrant abuses, and no more. It should be negative and arresting, not positive and stimulating. Its rôle was minor and peripheral. It was important in this one sense: It was to prevent interferences with the competitive system. Behind that system (so it was said and thoroughly believed) was an invisible hand which guided warring business men to the promotion of the general welfare.

The jig is up. The cat is out of the bag. There is no invisible hand. There never was. If the depression has not taught us that, we are incapable of education. Time was when the anarchy of the competitive struggle was not too costly. Today it is tragically wasteful. It leads to disaster. We must now supply a real and visible guiding hand to do the task which that mythical, non-existent invisible agency was supposed to perform, but never did.

Men are, by impulse, predominantly coöperative. They have their competitive impulses, to be sure; but these are normally subordinate. *Laissez-faire* exalted the competitive and maimed the coöperative impulses. It deluded men with the false notion that the sum of many petty struggles was aggregate coöperation. Men were taught to believe that they were, paradoxically, advancing coöperation when they were defying it.

impossible here to enter. It must be made clear that the great principle of one day rest in seven is not infringed by a concession that secures to mankind the occasional blessing of two days rest in eight. No reform of any institution or custom can be accomplished without touching the feelings of certain minorities. It was the case fifty years ago when standard time was adopted. But with calendar reform, much of the feeling appears due to misunderstanding which would yield to friendly discussion.

The movement in favor of calendar reform is spreading. Year by year, it arouses an increased interest in numerous directions. It is fortunate that there should be a plan before the public which embodies the maximum of advantage with the minimum of inconvenience.

That was a viciously false paradox. Of that, today, most of us are convinced, and as a consequence the coöperative impulse is asserting itself openly and forcibly, no longer content to achieve its ends obliquely and by stealth. We are openly and notoriously on the way to mutual endeavors.

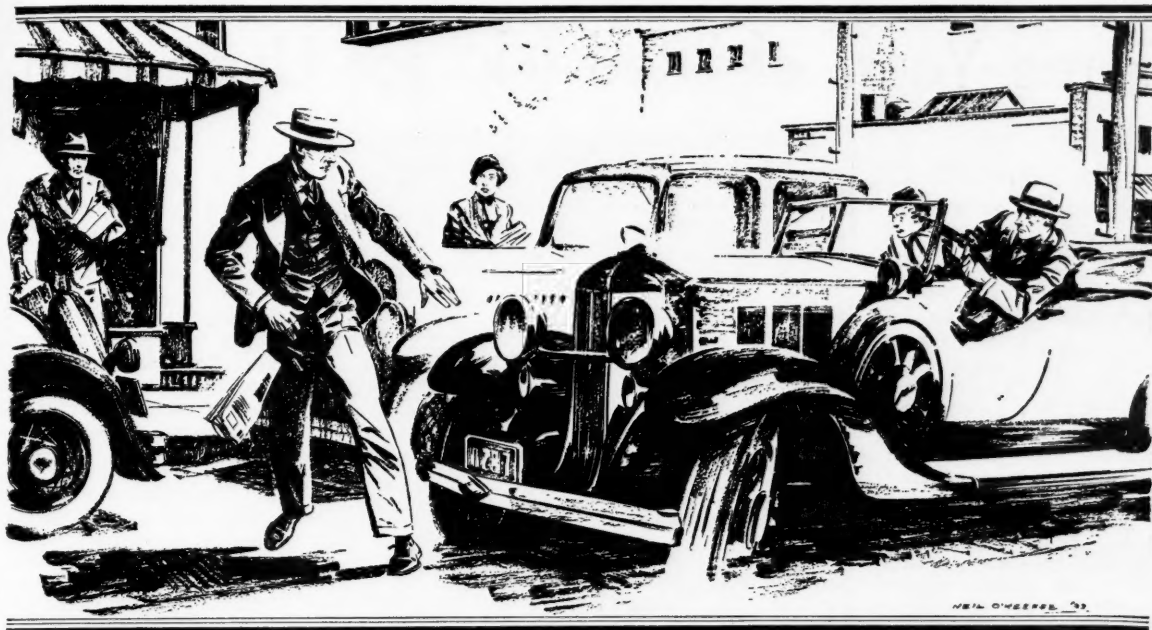
And there is the importance of the re-discovery of the Constitution. We are turning our back on the policeman doctrine of government, and recapturing the vision of a government equipped to fight and overcome the forces of economic disintegration. A strong government with an executive amply empowered by legislative delegation is the one way out of our dilemma.

I have spoken of the resurgence of the coöperative impulse. It has long struggled for more active expression. That struggle might have been unsuccessful. But it is our great good fortune that at the moment when the failure of that struggle would almost surely have meant total collapse, there came into the Presidency a man deeply moved by the coöperative impulse. And, above all, it is our good luck that that man was one whose integrity is beyond question.

That point cannot be over-emphasized. The success of the new spirit demanded a restoration of power to the executive. The executive branch of the government is not a piece of mechanism; it is a body of men. If the new program is to succeed, those men must be wise, able, ingenious, and honest. The shift to a new design for government would be a total failure if they were otherwise.

President Roosevelt is establishing, at this most critical period, an enduring pattern of administrative conduct. A lesser man, a self-aggrandizing, humorless one, a person less gifted with administrative talent and less eagerly hungry for wisdom, a dogmatizer without the experimental attitude, would merely have aroused false hopes which his accomplishments would have destroyed. The new design, with its unavoidable stress on vigorous governmental administration, possesses promise of endurance because it found precisely the right man. He is creating a lasting standard of administrative conduct below which none of his successors will dare to fall.

A Very Close Call



HAVE you ever escaped death by the fraction of a second when you thoughtlessly stepped almost directly into the path of a fast moving automobile? Or when you thought you were careful in crossing a street, has a car ever whirled around a corner, missing you by inches? That time you were lucky.

In this country, forty pedestrians are killed every day by moving cars and eight hundred are injured—some of them maimed for life.

Thirty-five pedestrian accidents occur every hour—that is the present daily average.

Reckless drivers are directly responsible for part of this daily tragedy, but the majority of such accidents are the result of carelessness or thoughtlessness of pedestrians.

Although the safety training of children by some schools has helped to prevent many accidents, about ten children are still being killed every day. Even effective signals and alert traffic officers at

ARE YOU A SAFE WALKER?

To how many of these questions can you answer NO?
Do you: NO YES

1. Step out carelessly from behind parked cars or obstructions? — —
2. Try to weave through traffic? — —
3. Cross streets diagonally? — —
4. Get off and on vehicles in moving traffic? — —
5. Cross streets without observing traffic? — —
6. Cross at intersections against the light? — —
7. Stand in the street? — —
8. Allow your child to play in the streets? — —
9. Walk with instead of against traffic on the road or highway? — —
10. Fail to use particular care at night? . . — —

crowded street corners are powerless to help the persons who step out from behind a parked car.

Your safety and the safety of every member of your family, when crossing a street or walking on a highway, depends on the development of a fixed habit which must become second nature: Make certain that the road is clear before you take a step.



Will you uphold the teachers who are training the children to watch for the "Go" and "Stop" signals—and will you obey traffic regulations provided for your own safety?

Send for the Metropolitan's booklet "The Safe Walker's Memo Book." It tells of the constant dangers which threaten those on foot—how you and yours can be safe walkers. Address Booklet Department 833-V.

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FACTS and TRENDS in FINANCE and BUSINESS

o o o As Seen Through Our Roaming Periscope o o o

Three Years of "Red Ink" for Uncle Sam

PERHAPS it is not wholly fair to examine in July the results of the Government's fiscal year just ended. At least one ought not to remember too clearly that experts in both houses of Congress, and at the Treasury, had once affirmed solemnly that income and outgo would match, that the budget was balanced. Yet for three years in succession these official guessers have widely missed their mark; first by 902 million dollars, next by 2885 millions, and now by 1786 millions. As a class, or guild, they can be awarded the palm for optimism.

With a budget it is possible to err (1) in estimating income, (2) in estimating expenditures, or (3) in both directions at once. Uncle Sam's revenues, in recent years, have been based too largely on prosperity. The income tax is after all a profit tax, and when profits disappear the Government's revenue from that source likewise disappears. This is plainly true as regards the corporation tax; it is similarly true as regards the individual income tax because of its exemptions and loopholes.

In the same fashion Uncle Sam's customs revenues have also been hard hit, because they are nothing more nor less than his rake-off on the country's foreign trade. As the whole world knows, our foreign trade has been fast disappearing.

The remaining item among the Government's three principal sources of income is what is called miscellaneous internal revenue. In recent years this was largely the tobacco tax, though now it is supplemented by a tax on beer. It is the only source of federal income which has remained reasonably constant.

Four years ago (year ended June 30, 1929), in the height of our prosperity, Uncle Sam received 2 1/3 billions from his income tax. In the year just ended the amount was less than one-third as



By Evans in the Columbus (Ohio) Dispatch
ELIZA CROSSING THE ICE

much. This is the way the figures read, for fiscal years:

INCOME-TAX YIELD	
1929	\$2,331,274,000
1930	2,410,986,000
1931	1,860,394,000
1932	1,057,335,000
1933	746,000,000

This decline has been in spite of increased rates. What profit it to raise the corporation tax from 12 per cent. to 13 3/4 per cent. if our corporations earn no incomes? What profit it to raise the small salaried man's tax from 1 1/2 per cent. to 4 per cent. if his income has been cut in half? What profit it to raise the maximum rate for the extremely wealthy, from 20 per cent. to 50 and 55 per cent. (as was actually done last year), if there are avenues by which he may escape any tax whatsoever? And yet the income tax remains the first refuge of a Congressman seeking will-o'-the-wisp money with which to balance the Government's bills.

Before we had an income tax (now twenty years old) our main reliance for Uncle Sam's pin money was the tariff. Increased duties—such as those of the Hawley-Smoot tariff of 1930—tend to keep foreign goods out, and thus to

lower receipts. But it is principally the general decline in world trade which has produced ever-lower figures for United States customs receipts during fiscal years since the era of prosperity:

CUSTOMS REVENUES	
1929	\$692,262,000
1930	587,000,000
1931	378,354,000
1932	327,754,000
1933	251,000,000

From the foregoing table it will appear to be fortunate for the Government that American industry and agriculture are not

self-sustaining. Perhaps it is well that the American citizen has retained his extraordinary fondness for sugar, cheerfully paying a duty of two cents a pound on six billion pounds imported even in a dull year from Cuba.

There is one source of government income which has not failed materially. We set the figures down with a feeling of relief:

MISCELLANEOUS INTERNAL REVENUE	
1930	\$628,308,000
1931	569,386,000
1932	503,670,000
1933	858,000,000

Some of this increase is due to our new tax of \$5 per barrel on beer, though that dates only from April 7. It brought 8 million dollars into the Treasury during April, and 11 million in May. Figures for June are not available. The remainder of this increased yield from miscellaneous internal revenue is to be credited to last year's Revenue Act, which placed new levies upon such things as gasoline, electrical consumption, telephone and telegraph messages, theater admissions, and checks.

Using the month of May as a guide, we find Uncle Sam's revenue from the tobacco tax (44 million in that month) and from the beer tax (11 million) to be running at the rate of 660 million dollars per year. Probably they have displaced the income tax, at the moment, as our principal source of government revenue.

As we remarked at the beginning, a deficit may be the result of increasing expenditures as well as decreasing revenues. But the Government's expenditures these days are not so easy to state

UNCLE SAM'S INCOME AND OUTGO

	Revenues	Expenditures	Surplus or Deficit
1929	\$4,033,250,000	\$3,848,463,000	\$ 184,787,000 surplus
1930	4,177,941,000	3,944,152,000	183,789,000 surplus
1931	3,317,000,000	4,219,950,000	902,716,000 deficit
1932	2,121,228,000	5,006,590,000	2,885,362,000 deficit
1933	2,080,000,000	3,866,000,000	1,786,000,000 deficit

as are its revenues; for new bookkeeping methods enter, and time only will tell how accurate these methods are in theory and practice. Our point may be illustrated in a single sentence: The deficit for the year just ended was 1 1/3 billion dollars, yet the public debt increased in the same period by 3 billion dollars.

Most of this difference was in the nature of "advances" made to the Reconstruction Finance Corporation. That is another story.

Recovery Under Way

WE HAVE perfected so many devices for registering the pulse beats of commerce and trade that we no longer remain in the dark. Thus without a single one of the new emergency recovery laws playing a noticeable part, our indexes show clearly that the country witnessed a business upturn in the three months of April, May, and June (continued in the first half of July at least) which is undoubtedly the most extraordinary reversal upward in our entire economic history.

Steel-mill operations rose from 15 per cent. of capacity on April 1 to 58 per cent. as these lines are written in July.

Freight-car loadings, representing all kinds of business improvement (except that of auto-truck haulage!), rose from 495,000 cars in the week ended April 1 to 634,000 cars in the week ended July 1.

Electric power production, a new favorite among industrial guides, rose from 1.4 billion kilowatt hours in the week ended April 1 to 1.6 billion in the week ended July 1.

The only cloud on the horizon was the possibility that this sort of activity represents the orders of manufacturers, middle men, and retailers—aware that prices would rise under inflation—rather than the healthier buying of consumers.

Against this fear was the known increase in automobile sales, surely a dependable guide as to mass optimism. The General Motors Corporation reports 101,827 cars sold to consumers in June, compared with 56,987 sold in the same month last year.

Stock-market values, on the New York exchange alone, rose from 20 billion dollars on April 1 to 36 billion on July 1. These are paper profits if you please (and none of our barometers registers future financial weather). But shares in our leading corporations are not only prime collateral for credit; they are things which give the owner courage to travel, to purchase a new automobile or electric refrigerator, or to risk other capital in a business venture.

Shall or Must We Join?

THE TRADE association takes on new life, by government compulsion, and every business man wonders where he stands. So revolutionary a measure as the National Industrial Recovery Act would seem to require two years to get going; yet two years are supposed to witness the end rather than the beginning of its existence.

The Iron and Steel Institute and the American Petroleum Institute are among

those old-timers—already familiar with codes—who presumably have found it easy to proceed; although perhaps their members are still bewildered at being permitted and even compelled to do things they could be sent to jail for only a few months ago.

Among the first of the new "codes of fair competition" to attract attention was that of the National Retail Dry Goods Association, made public on June 25. It is safe to say that its provisions were scanned quite as minutely by other trade associations, still more or less at sea, as by its own members. General Hugh S. Johnson, to whom the President has delegated authority as Industrial Administrator, is aided by Prof. Earl D. Howard of Northwestern University as Deputy Administrator, and by Prof. Lindsay Rogers of Columbia as adviser.

The first code to be approved and signed by President Roosevelt (July 9) was that of the cotton textile industry. It abolishes child labor, fixes a minimum weekly wage of \$13 in the North and \$12 in the South, and establishes a 40-hour week. It will be tried for four months.

A hundred other codes were being whipped hastily into shape in July, or were on their way to Washington for approval. The law is a boon to lawyers first of all.

A Tax on Wheat and Cotton

THE BRAIN TRUST at Washington decided that the tax on wheat (which the Government began to collect in July) should be 30 cents a bushel. In a round-about fashion this money is to get into the pockets of those wheat farmers who agree to reduce their acreage for harvest next year. The tax is paid by the "first domestic processor" of wheat—by flour millers and cereal manufacturers, for example. Obviously it is the consumer who really pays, as the consumer soon learned.

In similar fashion the cotton planter is to receive a cash benefit ranging from \$7 to \$20 per acre (according to the richness of his field) for permitting 30 per cent. of his land to remain idle during the next crop season. The money comes from a tax of 4.2 cents on each pound of raw cotton bought by a processor, beginning this month of August.

This is all now the law of the land, and the New Deal at Washington counts much upon the plan; but there was widespread belief elsewhere that recent advances in the market price of these farm commodities rendered such an innovation unnecessary. Wheat sold at \$1.15 per bushel on July 7 at New York, an advance of 50 cents from the 65-cent price that prevailed four months earlier. Cotton sold at 10 1/3 cents a pound on July 7, compared with 6 1/3 cents three months earlier.

In other words, while the lawmakers and administrators had been occupied with perfecting their plan, these two major farm commodities had of themselves achieved the desired result. Now we have the plan in addition. It is estimated that normal recovery during three or four months has reached half-way toward the goal of 1926 levels.



She was a whirlwind on the tennis court ...BUT ASHAMED TO GET OUT ON THE BEACH

THERE'S something shocking to romance, something indelicate, almost indecent, about having even a mild attack of "Athlete's Foot."

That was the thought that haunted her. The most popular girl on the tennis court or in the ballroom, she refused to go on the beach. She shrank from the thought of having anyone see those peeling blisters, that unnatural whiteness, that unpleasant moistness between her toes.

Danger signals—watch for them Use Absorbine Jr.

You may have the first symptoms of "Athlete's Foot" and not know what it is. Examine the skin between your toes. Moist, red skin, itching cracks, dead-white peeling skin—all these symptoms call for immediate application of Absorbine Jr., morning and night.

Laboratory and clinical tests demonstrate that soothing, healing Absorbine Jr. quickly kills the germ of "Athlete's Foot" when reached, without harming delicate tissues.

But don't stop when you get relief. Avoid the constant risk of re-infection. In hotel bathrooms, in showers and locker-rooms—even in your own spotless bathroom, this sturdy germ lurks and attacks bare feet. Even your socks must be boiled 15 minutes to kill this germ. Keep on using Absorbine Jr. as a wise precaution. At all druggists, \$1.25. For free sample, write W. F. Young, Inc., 372 Lyman St., Springfield, Mass. In Canada: Lyman Building, Montreal.

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Our New Experiment in Government

Continued from page 36

measures. It will clearly be necessary to extend the detailed administration of our internal industrial affairs into a similar detailed administration of our external relations by discarding our old-fashioned tariff system and substituting specific control through quotas, import licensing provisions, etc.

Theoretically it is not inherently necessary that anything in the nature of a vast bureaucratic system should develop in the application of these policies, if the men chosen to administer them are of the highest type, and if the business community is fully aware of the economic implications of these policies and on its guard against their abuse.

But it would be unwise to ignore certain fundamental factors of human psychology both among public officials and among business men, which inevitably affect the outcome of such an experiment as this. On the one hand a sense of power, stimulated by such unprecedented grants of power to individuals, tends to feed upon itself until it often devours the sense of responsibility and creates a vested interest in the

maintenance and extension of power which becomes difficult to dislodge. On the other hand the release of business management from the constant and sometimes painful pressure of competition, as well as the increasing reliance upon government for security, tend to soften the fiber of business initiative.

How great these dangers are in the present situation is perhaps the largest question that confronts us today. We must be willing to play the game and coöperate to the utmost in the purposes of the Administration in this emergency, but it would be unwise to ignore these dangers. We should constantly be prepared to appraise in a detached and impartial way the tendencies that develop in the course of this unprecedented experiment.

In order to do this effectively it is imperative that American industry should have its own agency for that purpose—an agency which stands apart from the political cross-currents and official personalities, to study these tendencies and promote more intelligent participation in the experiment.

Culture in the Corn Belt

Continued from page 46

passed, sponsored by the Iowa State Teachers' Association, which requires of grade as well as high school teachers a more extensive preparation than has hitherto been demanded.

At the same time the legislature passed a tax reduction bill that threatens to handicap seriously the whole system of public education in the state, since it slashes school incomes up to a maximum of 40 per cent. The complicated provisions of this bill also work out into gross inequalities with the odd result that, in many instances, districts which have already been most economical are compelled to make the heaviest reductions in their future budgets.

Iowa is typical of the midwest in the reckless abandon with which its pioneers created institutions of higher education, usually with the magniloquent title "University". Many of these institutions of public and private origin were still-born. Many others did good service to primitive communities when education was still inexpensive, and then gradually succumbed to the pressure of financial difficulties. Excluding junior colleges, there are today twenty-two institutions of higher education in the state. Three are supported by state appropriations and the rest are of various denominational origin.

As long as there was prosperity in the land, and the attendance at college and high schools was going up by leaps and bounds, these institutions had the hope of meeting their increasing financial obligations successfully. The severe farm depression beginning in 1920 added ominously to the difficulties of the colleges; the general crash of 1929 made them critical. Attendance dwindled; endowment income shrank; college bills became slow or impossible of collection;

the sources of contributions to funds and current expenses dried up; budgets based on past experience refused to balance and deficits piled up. As a result, it is safe to say that there is scarcely an endowed college in the state that has not borrowed heavily from the banks, and some have borrowed to the limit.

Salaries are generally reduced. In some instances no salaries are being paid and professors stay on because they have nowhere to go. There are colleges which are attempting no more than to keep their faculty members from starvation by feeding them at a dormitory dining hall. Meanwhile, with a reduced clientèle all around, the competition for students becomes ever fiercer. Money that is sorely needed at home is spent on field agents who are expected to keep up the enrolment by "working" high schools and the homes of prospective students. The struggle for existence is on in the academic field. There are a few institutions so solid, educationally and financially, that they can surely weather the storm, though they, too, suffer from its violence. Most of the others are drifting perilously off a lee shore, with breakers in sight.

Affairs in Iowa, duplicated in other north central states, have an unmistakable import. Unless there is a marked change in the present situation, the educational opportunities of young people in this section will be disastrously curtailed, and these young people represent the best human material in the country. No other known process pays such great and certain dividends to society as the fullest possible education of the educable. Our gathering of these most precious dividends depends upon our continued wise investment in the education of our young people.

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Cat-Goofy Nation

Continued from page 55

gun, and the other lies in the silly, meaningless, and haphazard regulations concerning the sale and regulation of firearms in the United States. . . .

There are about 12,000 homicides a year in the United States. Dr. Frederick L. Hoffman, who keeps statistics on such matters for one of the large life insurance companies, says that the rate has been fairly constant, with a slight upward tendency, in recent years. His study of thirty-one cities with a total population of 25,000,000 sets the rate at 10.8 killings for each 100,000 of population. The estimated rate for the entire country is slightly less, but the difference is negligible. In 1900, when the rate was only half of what it is now, the situation was deplorable enough.

Apologists for the high homicide rate occasionally have tried to explain it on two grounds: (1) that the immigrant, who fails to comprehend American ideals and who forms a sour leaven in the American bloodstream, is the principal killer, (2) that illiteracy, or lack of education, has something to do with it.

Neither explanation makes much sense. Granted that many professional killers, the trigger men for the mobs and the gangs, are immigrants or the sons of immigrants, the fact still remains that the New York homicide rate (New York is notoriously a foreign city) is only about 8 for each 100,000 population—less than the rate for the country as a whole.

The other explanation, that illiteracy has some connection with homicide, hardly holds water. In 1900 the United States spent \$214,964,618 on salaries for school teachers; in 1930 the figure had risen to \$2,316,790,384, out of all proportion to the gain in population, and the homicide rate had doubled. . . .

The truth appears to be that the American holds human life more cheaply than do the people of other lands, and that public opinion rarely is bitter toward the killer. We have the fact, agreed upon not only by thoughtful police officials but by every one else who has studied the matter, that a man without a gun is less dangerous than a man with a gun. It would seem, then, that a perfectly sound scheme for cutting down homicides would be to disarm the population, leaving the guns to the military and police forces. This suggestion has been made many times, but instantly it

is observed that it runs counter to the hallowed right of the American citizen to possess arms.

Heads of the police departments of the larger cities, frantic over the mounting number of killings and realizing the impossibility of keeping guns out of the hands of slayers, have appealed time and again for the federal regulation of the sale and possession of guns. It never has done any good. The gun-lobby is against such regulation. The gangster is against it. The taxpayer who would have to foot the bill for enforcement is suspicious of it. The ordinary citizen, who for some reason appears to believe that he was born with the right to have a gun if he wants it, often regards such a suggestion as one more attack upon his liberty. Therefore, with virtually his whole constituency, except a few police officials and reformers, opposed to the idea, or dubious of its wisdom, the Congressman keeps putting off action. . . .

New York, with its Sullivan law which requires a permit to carry or possess a pistol or revolver, has what is in many respects one of the strictest regulations of firearms, with heavy penalties for its violation. The law undoubtedly prevents many killings, but its actual workings are sometimes farcical. For example, there is in New York a gangster who has been suspected of all manner of crimes. He is not the sort of man to whom the New York City police would grant a permit. This man established a legal residence in one of the upstate counties and got a pistol permit from one of the local judges with whom he was on friendly terms. Now this man, regarded by the police as extremely dangerous, is within his legal rights when he carries a gun on the streets of New York City. . . . Moreover, the New York gangster, bent on homicide, can go to New Jersey or some other state where the regulations are not so stringent and return with a gun in a few hours. . . .

The uniform regulation of firearms, preferably by the Federal government, would seem to be the most direct and effective method of cutting down the homicide rate.

This is not to say that such regulations will make every motley community in the United States as peaceful as an English village; the only contention is that it would improve matters. No matter what happens, the homicidal American may be counted on to hold up his record for a long time. The rate must be high as long as irresponsible floaters find themselves broke and desperate in a strange city; as long as alcohol can be translated into gold; as long as some people think it cute that the Walsh girl wrote, just before the police broke in to get Two-Gun Crowley, the New York cop-killer, that he was a gentleman because he washed her underwear that morning; as long as Negroes, Italians or any other group are herded together under conditions, economic and social, which are impossible; as long as policemen are too craven to go after the really bad men, relying instead on the treachery of the underworld to get the victim, and as long as young half-wits are fed with the idea that there is something heroic and wonderful about homicide.

ARE YOU MARKET WISE?

HOW MUCH do you really know about the securities you now own or about those you are thinking of buying? Many weak stocks are being pushed in the present market activity. You may be one on whom the weaklings are unloaded.

You will be told of unfilled orders and shown fine records of past performance, but—What does a company's huge funded debt mean to you? Too much stock outstanding may mean a large improbability in the important matter of good dividends. The new management may be inefficient. Are sales decreasing owing to new patents held by competitors?

These questions are always checked by the market-wise investor. But have you the time or facilities? A reputable investment service costs several hundred dollars annually. Even though complete coverage of the market may not be your need, by all means consult an experienced investment counsel about doubtful holdings.

THE REVIEW OF REVIEWS AND WORLD'S WORK is not in the business of selling investment advice but it is sincerely interested in serving its readers in the fullest measure. We have retained as investment counsel a man of unquestioned integrity. He has had ten years' experience as financial editor of a leading magazine. He spent five years with a New York investment house. His time and knowledge are at the service of our readers. A small nominal charge is necessary.

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Going to market in
Bali, Dutch East Indies.



Photographs from Publishers Photo Service



A sleepy-eyed Koala bear surveys the Sydney, Australia, zoo.

The three-headed god Siva in the Temple Caves, on an island near Bombay.

World Cruising We Shall Go!

In Comfort and Luxury to Earth's Far Four Corners

MARCH SEVENTEENTH may be St. Patrick's day on this side of the world but in Bali it's "Hari Njeji"—Devil Chasing day. On the sixteenth the Balinese—near-naked Venuses and Apollos on an island paradise—gather in thatched villages and before stone and brick temples. They dance their ritual dances, chant their ancient incantations, bear offerings to the gods of the sun, of the rice, of the rain, and of the winds. Devoutness, they know, will propitiate the gods: if the two-day "Hari Njeji" is faithfully observed their Eden homeland will be free of devils during the following year. On the seventeenth, our St. Patrick's day, there is no sign of life on all the island. That day the devils, frightened away by yesterday's ceremonies, sneak back into the villages. If they see no one, find no sign of life—even a wisp of curling smoke—they are convinced that the place is deserted and an unprofitable scene for their activities. The fact that all must stay indoors on the seventeenth has caused trouble for one steamship company. Its 1934 world cruise was scheduled to arrive at Bali on that day, but to conform to native custom the itiner-

ary will be changed. On the nineteenth the good natured Balinese will be as gracious hosts as they were to last year's cruise. There will be no one—Balinese or white man—abroad in Bali on St. Patrick's day next year.

• • WANT to see a live teddy bear? Go to the zoo at Sydney, Australia. You'll find the *koala* there, looking for all the world like the brother of your own childhood teddy, even to the big ears and the fuzzy brown coat. But you've never seen anything like the *platypus*. Half bird, half animal, it starts with a duck's bill and ends with a beaver's tail. In between it has a fur coat. It lays eggs and suckles its young. It has web feet, and is just as happy on land as in water; if it can be happy at all under the circumstances.

• • PELE—the volcano goddess—makes her legendary home in the Halemaumau firepit at one end of Kilauea crater, America's only active volcano. Kilauea is on the island of Hawaii not many miles from the port of Hilo, itself two hundred miles from Honolulu on the island of Oahu. Perhaps you will

fly from Honolulu to Hilo in an airplane of the Inter-Island Airways Company and then motor almost to the crater's edge. But modern as your approach may be, a glimpse into the pit is to return to the beginning of time and earth themselves. Active, Kilauea's lava filled pit is a sea of fire and steam. Mark Twain compared its night-time glow to the light made by forty blocks of distant buildings all burning at once. As you stand at the edge of this pit, nine miles in circumference, 4,000 feet above the sea, and see, far below, molten lava swell into bubbles as big as houses and then burst in a jet of flame and steam, you see how worlds are made.

• • A GOD ON EARTH is the Emperor of Japan, and to faithful followers of the Shinto religion he is in one person the guardian of both their physical and their spiritual welfare. His pictures are held in as high reverence as a holy icon. His person is so sacred that none of the faithful may look down on him from a height. To him alone do the doors of the shrine of the Emperor Meiji open. From the shrine, set in a beautiful park in Tokyo, quiet and aloof, flow the po-

tent forces of Shintoism, the spring of Japan's intense nationalism. Here on ceremonial occasions, even a God-Emperor on earth must show reverence to his ancestors. Down the gravel path, flanked by trees and shrubs, past the court beyond which no other may go, the ruler of one of earth's most powerful nations makes his prayerful way alone, and on foot.

• • IT IS AS QUIET AS DEATH as you float into the glow-worm caves near Waitomo, New Zealand. Your guide's paddle makes no sound. Your boat slides forward away from the deep blue of the starred night sky and glides into inky blackness ahead. Suddenly, immeasurably far above, a single fading spot of light. Another and another, until the whole of this artificial sky that is the cavern roof comes alive with will-o'-the-wisps. It is the glow-worm's light. Now a solid sheet of phosphorescent gleaming. Now a thousand isolated flakes of light. Now growing in intensity. Now dimming. Disembodied in a timeless space you lie, and the floating lights change, waver, drop nearer and then recede, die before your eyes and then rekindle in far corners.

• • To us, the sculptured gods in the Temple Caves of Elephanta Island, not far from the island on which stands India's Bombay, are not pretty. One statue is a three-headed representation of the god Siva, its heads five feet long, one hand clutching a cobra. Sculptured human figures lean on stone dwarfs. A sixteen-foot double figure of Siva and Pravati, named Viraj, half-man and half-woman, stands deep within the caves.

• • SIXTY YEARS AGO the kinky haired natives of Mbega—one of the Fiji islands—were among the fiercest cannibals in the South Seas. Today cannibalism is almost forgotten. But the fire walking rite is not. A fire is built among flat rocks. All during one evening and night it burns, the rocks cracking and turning from red to white hot. By morning the

scene is ready. The coals are raked and the circle of watchers closes in about this ancient purification ceremony. A single file of barefoot warriors steps onto the pit and with measured tread crosses from rock to rock. They are silent, unexpressive in the journey. To white observers they offer no explanation of their ability. It is something they can do without having to explain.

• • FAR OUT in the south Atlantic, 1300 miles from the nearest inhabited land, St. Helena, is Tristan da Cunha. On the stark slopes of the extinct volcano that is the island, some ten or twelve families live. They are descendants of British service men sent there in 1816, when Britain annexed the spot. Time and again they have been urged to desert their island home. Always they have refused. Hardly a boat a year passes the lonely shores, but none passes without attempting to lower a raft loaded with provisions. Once almost all of the island's men were drowned when the boat in which they were attempting to reclaim such a raft capsized. Their sons have learned to travel in two boats instead of one.

• • THE BEST known type of world cruise is that in which the entire journey is made in the same boat. Such a cruise usually lasts about four months. In 1934, three of them will start from New York shortly after January first. One will be managed by the Cunard Line; one by the Canadian Pacific Steamship Company; and one by the Hamburg-American Line. The Dollar Lines offer a world travel service which permits passengers to stop at any point and wait for the next Dollar liner, two weeks later. The N. Y. K. Lines cooperate with Cunard in such a service, and Canadian Pacific also offers these individual world cruises. The Matson Line has a long cruise through the South Seas which in point of time and distance is comparable to a world cruise. Its ports of call include many of the ports touched by the regular southern hemisphere world cruises.



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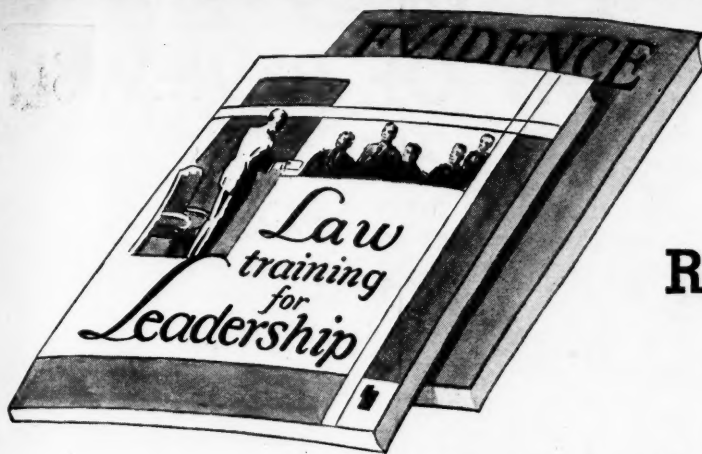


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